London's

r

World news

S. African British violence claims 2 deaths \$500m

Two black men were burned to BRITISH TELECOM is returning to death in South Africa and a police- the international capital markets the men died at KwaMashu, near cial paper in the US. Page 6 Durban, when a crowd of about 100 blacks set him alight. The other was found dead in Mbekweni township at Wellington near Cape Town.
Sonth Africa's mineworkers

spent the weekend preparing contingency plans for what they betileve will be the largest yet unoffi-cial work stoppage by black miners on May 1. changed despite calls for a reduc-tion to match those announced in the US and Japan. The French

On Friday, the Rand Supreme Court refused an urgent application by the Chamber of Mines to prevent the National Union of Mine from calling a strike on May I. Strike threat, Page 2

Dutch campaign

Campaigning began officially at the weekend for Dutch general elections with opinion polls showing the centre-right Government of Prime Minister Ruud Lubbers in danger of losing its majority.

Belgian strike plan

State employees in Belgium are to bold a 24-hour strike on May 6 in protest against government eco-nomic austerity proposals, union of-

Ambassador named

Jordan has named an ambassador to Syria, its first for five years. Diplomatic ties between Jordan and
Syria have been at charge d affaires level since early 1981 after a deteri-oration in relations.

Waldheim invitation

Kurt Waldheim, the former UN secretary general and candidate in Austria's presidential election on Sunday, has invited a World Jewish Congress official for talks in Vienna after the election to seek to clear the allegations about his wartime past Page 2

Assembly in disarray

to meet again on May 6 after failing to agree on formation of the Government. Page 2

Chemical weapons

British Government has agreed to production of a new generation of chemical weapons by the US. The agreement will be formally conveyed to the US at a meeting of Nato ambassadors in Brussels today.

French N-test

France carried out its first nuclear test this year at Mururoa atoll, New Zealand scientists said.

Election violence

More than 200 people were wounded as rival Bangladesh political groups fought with knives and hockey sticks amid campaigning for the May 7 general election.

S. Korean rally

Riot police fired tear gas to disperse more than 1,000 student demonstr tors in Chungju, South Korea, after an opposition rally calling for electoral reform.

Pasternak's works

A new edition of works by Boris Pasternak has been published in Moscow with some poems appear-

ing for the first time. Prost's grand prix

French driver Alain Prost won the San Marino grand prix at Imola, Italy, finishing nearly eight seconds ahead of Brazil's Nelson Piquet.

Fast Topaze wins

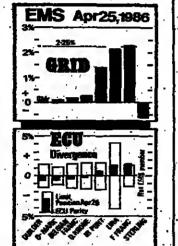
The favourite, Fast Topaze, owned by Mahmond Fustok and ridden by Cash Asmussen, won the Poule d'Essai des Poulains at Longchamps.

Business summary

Telecom to raise

man had a narrow escape when this week for the first time since its hand grenades hurled at his home privatisation with a programme to failed to explode, police said. One of issue up to \$500m worth of commer-

EUROPEAN Monetary System: The Dutch guilder replaced the D-Mark as the weakest member last week as further dollar weakness boosted the D-Mark. However, the Bundes bank left its discount rate un-



franc remained very firm and was there is a danger that a country

With a depreciating currency might

We to 1 per cent higher in 1987 as a
be pressed to shoulder "an undue result of the fall in oil prices, and placed at the top of the system while the Belgian franc was also firmer in relation to its central rate. share of the burden of resisting unconsumer-price increases in 1986-87
expected exchange-rate shifts. That
are expected to be reduced by 1 to Sterling was a little weaker against its fixed Ecu central rete amid continued speculation that there would tary policy, and that, in turn, might weaken global economic growth. be an early entry into the EMS exge-rate mechanism. The BMF report, however, pres-ents a generally optimistic world, economic outlook. It says that for

The chart shows the two constraint on Enopean Monetary System ex-change rates. The upper grid, based, on the weakest currency in the sys-tem, defines the cross rates from which two currency except the traj may move more than 2% per cent. The lower chart gives each curren-cry discovery from its "control cy's divergence from its "central rate" against the European Curren-cy Unit (ECU), itself a basket of Eu-

The first session of Sudan's newly elected Assembly broke up in disarray at the weekend. Members voted ing to the central bank. Page 2

PERU will today pay \$17.7m in back interest to its commercial bank creditors, the first such payment since President Alan Garcia took office last summer. Page 3

CONFEDERATION of British Industry and the American Chamber of Commerce in the UK are supporting a challenge to a California state ruling which they see as a serious threat to component manufacturers. Page 6

TRANS WORLD AIRLINES, the US airline, blamed terrorist attacks and other factors for a higher first- for BankAmerica link quarter loss of \$169.5m. Page 21

MOBIL OIL, the second biggest US oil company, is maintaining its quarterly dividend of 55 cents a share. Page 21

BY WILLIAM HALL IN NEW YORK
FIRST Interstate Bancomporation, the Los Angeles-based banking group which earlier this year of-

DAI-ICHI KANGYO Bank has pulled off a coup in the Eurocredit market by becoming the first Japanese bank to win sole mandate from a state-guaranteed French borrower, Page 19

HASTECH, the private US electronic printing-equipment company, has been bought by Crosfield Electronics, the printing equipment subsidiary of De La Rue, the diversified British security printer. Page 21

CHEUNG KONG, Hong Kong flag-ship company of Li Kashing, chal-lenged the findings of an investiga-tion that found him guilty of insider dealing. Page 19

SKANSKA, the Swedish construction and investment group, reported pre-tax profits down from SKr 919m to SKr 811m (\$115m) for 1985. and announced the resignation of its president. Page 19

TELEFONICA, Spain's growing telecommunications concern, is to seek a listing on the New York Stock Exchange, Page 21

Worldwide spate of attacks on Britons, Americans

A YOUNG British tourist was shot lish any link between the bomb and dead in Jerusalem yesterday in a the murder in Lyons on Friday of a weekend of worldwide attacks on British businessman, Mr Kenneth British and American people and property that were possibly provided by the US attack on Libya, User Cour Foreign Staff writes.

The British Bank of the Middle

The second secon

the entrance to the Garden of Gethsemane. The attack was the third on a tourist in Jerusalem in ty on behalf of the hitherto untwo months. There were no apparent witnesses to yesterday's murder nor claims of responsibility.

The spate of weekend attacks be-

gan in the early hours of Saturday with a powerful explosion in Lyons, France, which badly damaged the offices of American Express and of another US company, Control Data. Police did not immediately estab-

IMF warning

on exchange

rates burden

UNEXPECTED changes in ex- The IMF doubts that the decline change rates may still test efforts to in oil prices will have as large a pos-

improve the co-ordination of eco- flive effect on the world economy as

nomic policies by the leading indus-trial countries, the International higher oil prices had in the 1970s. It Monetary Fund (IMF) says, in its estimates, however, that on its as-

World Economic Outlook, released sumptions that the oil price aver

oday. ages \$15 a barrel for the rest of 1986

The report, which expresses con- and real exchange rates remain un-

cern about the continuing risk of a changed, the net import hill for oil sharp decline in the dollar in the faced by industrial countries will be

industrial countries, lower oil cent from 4:1 per cent in 1984. It prices, declining inflation, easier projects a further slight decline to 3

First Interstate presses

FIRST Interstate Bancorporation, ing of a buge west coast banking

the Los Angeles-based banking conglomerate, Bank of America and group which earlier this year of-fered to rescue BankAmerica Cor-were at one time united under the

poration from the bostile ap- sprawling TransAmerica financial

proaches of Mr Sandy Weill, the for- empire controlled by Mr A. P. Gian-

mer president of American Ex- nini, the son of an Italian immi-

\$60bn lower on an annual basis.

The report expresses disappointment at the performance of developing countries in 1985 when, partly because of slower industrial countries.

try growth, output fell to 3.2 per

per cent in 1986 and a rise to 34 per

developing countries - such as Mex-ico and Nigeria - "will face a diffi-

cult process of adjustment." The

IMF projects that the 12 countries

falling into that category will suffer a 0.6 per cent fall in real output in

be able to attract the necessary ad-

ditional financing only if they un-dertake economic reforms treent-

ly," and then, for many of them, the funds will not be available from

commercial banks on a voluntary

Details, Page 3; Editorial

comment, Page 16

grant and founder of Bank of

BankAmerica said on Friday that

it was not interested in merging with First Interstate, but First In-

terstate's decision to publicise its

continued interest in BankAmerica

will heighten speculation on Wall Street that, somer or later, some-

body will make a bid for the coun-

try's second-largest bank which has

been hit by soaring loan losses and

recently passed its dividend. Bank-

America shares have jumped from a low of \$12 to \$18% over the last

Mr Pinola, aged 61, told shareholders that based on the "most preliminary of deliberations,"

two companies could be forged into

a banking organisation with pres-

few months.

agement team which has been hit First Interstate believes that four

Capital-intensive, fuel-exporting

BY STEWART FLEMING IN WASHINGTON

face of the US budget deficit, says

mines, Genmin inflation, easier monetary conditions and a trend to-wards reducing budget deficits hold out the prospect of somewhat faster economic growth of 3.0 and 3.2 per cent in 1986 and 1987. In 1985, real

growth in industrial countries

slowed to 2.8 per cent from 4.7 per

While making clear that the pro-posed reduction in the US budget

forts to improve the international

economic outlook, the report notes

that cuts in the US deficit might act

as a drag on world growth. It offers

support for the idea that Japan and, in some circumstances, West Ger-

many, should be ready to adopt less restrictive budget policies to offset

ress, says that it is still interested

enior BankAmerica official, told

shareholders at the company's au-

nual meeting in Los Angeles on Fri-

day: "We see the combined compa-

ny to be of sufficient size and

trength to withstand the incursion

of eastern banks into our western

territory, long considered the most

prized banking region in the

His remarks, which came only

days before BankAmerica's annual

meeting in San Francisco tommor-

row, are bound to increase the pres-

sure on Bank America's senior man-

by a number of top level departures

over the last year.

nation."

or state's chief executive and a former with First

such a development.

cent in 1984.

would require it to tighten mone- 1% per cent.

Our Foreign Staff writes.

Mr Paul Appleby, aged about 25, from Bristol, was shot in the back of the head as he walked alone near on Saturday. There were no casuon Saturday. There were no casu-alties and a caller to the Christian Radio station claimed responsibiliknown Group 219 FA. In Peshawar, Pakistan, a British

charity worker. Ms Jill Scoones, aged 25, was shot in the hand and leg after a man had tried to kidnap her from a hotel swimming pool. Ms Scoones, who works for the Save the Children Fund, had not seen her attacker before and he was subsequently arrested.

moved an "explosive device" from a car near the US embassy in Mexico City. In Bahrain, the US communications officer who was shot in North Yemen oo Friday was said to be making a good recovery yester-

Admiral John Poindexter, President Ronald Reagan's national security adviser, said at the weekend that the latest spate of terrorist incidents was 'a rampage which will be short-lived." He was not convinced that the attacks were a direct response to the US air strike

against Libya.

Admiral Poindexter, who is accompanying President Reagan on his 13-day tour of the Pacific, said the US would demand action, not words, from its allies when joint measures against terrorism were

US officials said they were encouraged by the latest moves by West European governments against Libyan nationals in their countries, including Britain's action against 300 aviation students.

They still do not, however, believe the Europeans will go along with economic sanctions against Libya, which President Reagan is expected to urge at the summit on May 4-6. Mr George Shultz, the US Secretary of State, repeated his view in a weekend interview that the Libyan economy was so weak economic sanctions would work - a view not shared by many European governments.

Mr Shultz hinted again yesterday in a television interview that the US

Defence Secretary, is expected to decide in the next month on ways of

cutting at least Clbn (\$1.54hn) from

the British defence budget for each

of the next three years. Savings of that order are neces-

sary if the Ministry of Defence, the

second highest spending depart-ment in Whitehall, is to meet the

stringent targets set by the Govern-

ment after its decision to level off

defence spending over the next few years. Cash hudgets are £18.5hn for

this financial year and £18.8bn and

£19bn for the two subsequent years,

a decline of some 7 per cent in real

The Defence Secretary bas re-

ceived a set of recommendations from defence officials and service

chiefs suggesting that spending on equipment, now at some (9bn a

year, will bave to bear the brunt of

the savings needed.

The recommendations, which

have been drawn up as part of the

annual process of costing defence

spending over a 10-year period, fall

Mr Younger faces, bowever, a dif-ficult political decision. While it is

probable that the so-called "saiami slicing" of the defence budget now

recommended by his officials will

keep spending sufficiently in check

for this year and possibly next, the

sible year for the next general elec-

His alternative might be to take

more drastic action now to avoid

risking the danger of a full-scale de-

fence review in the run-up to an

election. The minister is thought to

have considered that course, al-

ospects for 1988-89 - the last

tion - are much less certain.

short of a defence review.

of £3bn in

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

UK seeks cuts

defence budgets

MR GEORGE YOUNGER, the UK that he will ultimately follow bis of-

discussed at next week's Western was ready to undertake covert operations against Libya.

Asked if covert operations were a possibility, he said: "It is important to have a variety of things we can do ... Covert action is something we need to be using." He declined to specify what sort of operations might be considered, saying only that it is certainly intended to be disruptive.

He rejected firmly, however, any change in US laws, which make it illegal for the US to assassinate a

While reports from Tripoli sug gested last night that the depend ants of the 5,000 British technician employed in Libya were being ad vised to leave by the UK Emhassy Italy announced that it was expel

Continued on Page 18

ficials' recommendations.

Although the Government has

planned for a levelling off in de-

fence spending, after a growth of

some 20 per cent in real terms since 1979, figures published earlier this year showed a probable decline by 1989 of some 7 per cent in real terms. That might be even higher if

inflation, wage or exchange rates

rise above the relatively low levels

set in the public expenditure

in its report for this year, for exam-

ple, is believed to bave recom-

mended rises of nearly 7 per cent, which if accepted would be higher

Defence officials do not believe

the situation is serious enough to

warrant a full-scale defence review

that would cut Britain's actual de-

fence commitments, which now range from full membership of Na-

to to the maintenance of forces cap-

able of intervening in Falklands-

type circumstances. But they see

little room for manoeuvre except in

cutting back on weapons procure-

ment and certain support areas in

level projects might be affected.

Prime target for cuts will be the

Royal Navy's shipbuilding pro-

cluding construction.

than anticipated.

The Armed Services Pay Board,

Big Bang legislation could

By Alexander Nicoli In London

face delay

PASSAGE of the UK Financial Services Bill, which will establish a new regulatory structure for the City of London after the Big Bang reforms due in October, might be delayed until after the summer parliamentary recess.

The report stage of the bill in the House of Commons, tentatively scheduled for early May, appears iocreasingly likely to be delayed, perhaps until June, because of the many amendments that are likely to be tabled.

The Department of Trade and In-dustry (DTI) said a slot would be sought for a House of Commons debate at the report stage in either early May or early June. Officials said there were strategic reasons for waiting until Juge. That would mean, they said, that the bill would probably not receive Royal Assent which is necessary for implementation - until October instead of the

July date that had been targeted. The results of such a delay might be a lengthy hiatus between Big Bang, which will radically alter practices in London securities markets, and the creation of the new self-regulatory structure envisaged to oversee them.

Passage of the hill will set in train a series of phased steps involving the delegation of the Goverameot's regulatory powers to the Securities and Investments Board (SIB) and the subsequent empower-ing of Self-Regulatory Organisaions (SROs). Although the SIB has already

drafted conduct-of-business rules for investment husinesses, the rules, even in their final form, will have no power until the SIB is officially authorised.

There are likely to be between 200 and 300 amendments, many of them brought by the Government tself. There is a strong feeling that it is more sensible to bave as many as possible dealt with at the report tage rather than introducing them later in the House of Lords. If many contentious amendments

were introduced at as late a stage as in the House of Lords, there would be a risk that the bill might be further held up when it returned to the Commons. Among key issues likely to be

The "salami-slicing" they recommend envisages delaying many pro-grammes and cutting others. Alsubject to debate are the protection of SROs from litigation, now being demanded by SROs as an essential the £10bn Trident nuclear missile precondition for their creation; and submarines apparently remain sacthe exact powers and status of the rosanct, a wide range of medium-DTI ministers and officials bave

conducted an extensive review of the bill during April, after the Commons committee stage. The Govero-Continued on Page 18

Biggest advertising agency

By William Hall in New York

formed

THE WORLD'S biggest advertising agency group with annual billings of about \$5bn has been formed by the merger of three of America's leading advertising agencies, BBDO international, Doyle Dane Bernbach, and Needham Harper Worldwide.

Madison Avenue, the capital of the US advertising industry, has been full of rumours that Doyle Dane Bernbach (DDB), which provides advertising support for com-panies such as Volkswagen, and Needham, which is used for American Honda's advertising, were in merger talks. However, the anouncement that BBDO International, the sixth biggest agency, was taking the lead in the merger will

cause surprise.

BBDO, with clients including Chrysler, Pepsico and Du Pont, had annual billings of \$2.50n last year, according to advertising Age, the in-dustry's trade magazine. This compares with Young & Rubicam, the number one agency, which had \$3.65% in workiwide billings, and Saatchi and Saatchi, the fast-growing British group which had \$3bn in worldwide billings. Mr Allen Rosenshine, chief ex-

ecutive of BBDO who will head the new group, said yesterday that all three companies "came to the con-clusion that this megamerger of highly creative, independently dously positive force in our busi-We got the feeling that too many

deals are being done just to build volume without enough attention to a real benefit or value added strategy for clients. We want to be nothing less than advertising's global creative superpower."

Tiffany to reopen in London

By William Hall in New York

York jeweller, which closed its fashionable shops in Loodon and Paris during the Second World War, is to reopen in London as the first step in a European expansion that will be partly financed by local inves

founded the exclusive jewellers in 1837, opened his first shop in London in 1868. The new 2,000 sq ft shop will open in the autumn in Old Bond Street in the West End, "only a few yards" from the original shop. It will provide the full range of jew ellery designs, including the collec-tions of Elsa Peretti, Paloma Picas so and Jean Schlumberger.

pany into private ownership by or ganising a management buy-out wo years ago, describes the Bond Street opening as "one of the most significant events in Tiffany's dy-namic history." Tiffany plans to ex-pand its international presence by Wall Street banking analysts ence and power such to assure a powere surprised by Mr Pinola's comments, which were made in a only throughout the west but speech to shareholders, since they throughout all of the US and, in see it as the first step in the rebuilding fact, the world." establishing shops in a number of European cities.

Continued on Page 18

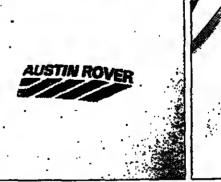
though those close to him believe @ PLESSEY

TIFFANY & Co. the famous New

Mr Charles Lewis Tiffany, who

Mr William Chaney, Tiffany's chief executive, who took the com-







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Contact Douglas Smith, Industrial Adviser, Civic Offices, Swindon, Tel: (0793) 26161. Telex: 444449.

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US oil patch: not such a Lex: acquisition accounting;

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Insolvency in Britain: how Lombard: Japan's missing

ANTE SPECIAL VE LA

Waldheim seeks Jewish group talks

DR KURT WALDHEIM, the 18 per cent still undecided. A former United Nations secre- large majority of those polled believe that Dr Waldheim told tary general and the leading candidate in Austria's presidential election on Sunday, bas invited a senior World Jewish Congress official for talks in Vienna after the election to clear the allegations surrounding his wartime past

Dr Waldheim has been at the centre of an international controversy following allega-tions that he was implicated in Nazi atrocities in the Balkans. He has forcefully denied the allegations which have been extensively taken up by the World Jewish Congress.

According to a poll com-pleted on Thursday and to be published today in BASTA, an Austrian weekly magazine. Dr Waldheim's lead over his Socialist rival has increased from 4 per cent to 7 per cent, with

Italy's trade

deficit down

The trade deficit for the first

quarter of 1986 totalled L5,675bn, down from LS,209bn

in the corresponding period in

Turkey had a total of \$25bn

However, about \$5,694m was

Turkey debt rises

Istat said.

L12.425hn.

Reuter

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the whole truth about his wartime past and only 2 per cent believe he was implicated in war crimes.

Dr Waldheim told BAST.A that be would like to discuss the allegations with Mr Israel Singer, the secretary-general of the World Jewish Congress: "1 would be happy to discuss all these things with him. I have nothing to hide and I believe that we should put our relationship hack on a friendly foot-ing."

He said that if he is elected he will make reconciliation with American and Austrian Jewish circles a priority. He foresaw no difficulties in future visits to the US or Israel, despite calls in both countries to have him barred entry.

The controversy widened at the weekend following an unexpected statement of support for Dr Waldheim by Mr Helmut Kohl, the West German Cbancellor. Mr Kohl, speaking in Salzhurg on Saturday at a rally of the Aristian Conservative Records, Rarty, which are the said.

War years as children. I sense an arrogance of the late-bern which I find hard to bear," he said.

Mr Kohl's remarks drew angry responses in Austria and obroad. Mr Ronni Milo, Israel's deputy foreign minister, said tive People's Party which sup-ports Dr Waldheim, said that

"I have known Dr Waldhelm for many years and seen his work for Austria, for Europe and the United Nations. He is a great patriot. I do not have the vote here hut if 1 was an Austrian 1 would know how to vote," he said.

he was shocked by the allega-

He suggested that Dr Waldbeim's accusers did not fully understand the war-time years. "Many of those who make accusations about him today come from a later generation, (people) who experienced the

angry responses in Austria and obroad. Mr Ronni Milo, israel's deputy foreign minister, said "The fact that Mr Kohl is the Chancellor of West Germany obligates him to stay out of an affair like this. A German Chancellor cannot set involved this affair like this. A German Chan-cellor cannot get involved this way on the side of a candidate in elections in another country who has a Nazi past. There are serious suspicions about Dr Waldheim, which he has yet to address. There are two years in his nast which he has arreed." bis past which he bas erased."
Mr Milo said.

Mr Kohl's statement will carry considerable weight in Austria and belp to refurbish Dr Waldhelm's claim to be a man trusted by the world.

Japan starts work on bridge

BY CARLA RAPOPORT

to L1,095bn JAPAN started work at the ITALYS TRADE weekend on what it says will be totalled L1,09ahn (£479m) in the longest suspension hridge in March, down from s deficit of L1,510bn in February and a L2,364bn deficit in March 1985, the world at an estimated cost of nearly Y1.000bn (£3.846bn). The bridge, Akashi Kaikyo the national statistics institute Ohashi, will provide the second and final link between Shikoku Istat said imports in March Island and Kobe, a major totalled L13,520bn and exports port city. Shikoku, where two crops of rice can be grown each

yesr because of the mild climate, is one of Japan's most fertile agriculutral areas, The 3.9 km suspension bridge ferry.

will stretch from a small island. called Awaiicbo in the channel between Kobe and Shikoku to Robe itself. A bridge from Shikoku to Awajicho Island was completed last year.

Construction of the bridge is expected to begin in 1988 and take 10 years. When the bridge is completed, it is expected to sborten the travelling time between Shikoku and Kobe to one-and-a-balf bours from the two-and-a-balf hours it takes by

Robe city officials said the bridge will be 333m bigh and 35.5m wide while the distance between its central support and the shore on either side will be 1.99km. The Humber Bridge in the UK is 2.2km.

The bridge is expected to cost around Y383bn, with associated roads projected to cost another Y607bn. No contractors have yet been selected for the project. Only 6 or 7 per cent of the total funds will be provided from the public purse, the rest will be raised privately.

Afghan leader fails to address parade

the end of 198a according to missed Afgbanistan's Revolu the revolutionary process in the central bank, an increase of tion Day parade yesterday, Afgbanistan." \$3.72bn over the end of the fuelling rumours be was ill or previous year, reports David out of favour, as the Soviet Barebard in Ankara. Government for not bringing

was in short term debt and His stand in as main speaker, came from foreign exchange Major-General Nazar Moham- was boldings with the commercial mad, the Defence Minister, did visit banks by private citizens, which not mention Mr Karmal In als His failure to address yester-rose by nearly Sibn. short speech monitored in day's parade fuelled rumours

(£16.6bn) in foreign at PRESIDENT Babrak Karmal "failings which bave hindered mated 115,000 troops from

Mr Karmal, wife should have presided over the most impor-tant event in his Communist Party's protocol-conscious calenstill undisbursed at the end of reforms fast enough. Reuter der, has not been seen in public the year. Much of the increase reports from Islamabad. Union on Msrch 30 for what was billed as a short unofficial

rose by nearly SIbn.

Turkey's debt burden is regarded as manageable by the international banks but it is nevertheless being watched said he appeared to be the target of an article criticising wanted to withdraw an estimate the closely.

Afghanistan.

Afghanistan and Pakistan are due to resume peace talks through a United Nations mediator in Geneva on May 5 and diplomats here sald a change in the Kabul leadership could put heavy pressure on Islamahad.

Pakistan refuses to meet Afghanistan directly, caying the Karmal Government is illegidmate because it was brough in by Soviet tanks. This would no longer hold if a new man were in the "Argh," Kabul's presidential palace, diplomats

Tighter security after Lyons bomb blast

By David Housego In Paris

FRENCH POLICE have tightened security around the offices of British and US companies in Lyons after Saturday's bomb explosion in the building housing American Express offices.

Responsibility for the attack, which also damaged the offices of the US group Control Data, was claimed by an unknown organisation calling Itself the Revolu-

Police yesterday believed that there was no link between Saturday's attack and the killing on Friday in Lyons of Mr Kenneth Marston, regional bead of Black and Decker, the US tool manufacturer which has its headquarters for south eastern Europe in Lyons.

Mr Marston was shot with a hunting gun when leaving his house. Though res-ponsibility for the murder was also claimed by an Arab movement, police are doubt-ful of the anthenticity of a tape-recorded message, which

was telephoned to local news agency offices.

Scribbled on the walls of the building where the bomb went off on Saturday morning were the words "go bome American Express — Control Data—Black & Decker."

The attack on American Express is likely to have further damaging consequences on US tonrism to France. Hotels are reporting between 25-40 per cent cancellations hy Americans since the heginning of the year — the com-bined effect of a falling dollar and fears of terrorism.

The bombing of American Express comes at a time when Lyons, France's second largest city, has been actively promoting its claims as a European business centre. Among major US groups represented there are Hewlett Packard, the US electronics group, IBM and Ford. • France detonated an underground nuclear device at Mururoa atoli yesterday. scientists reported, prompting

an immediate protest from

New Zealand, AP reports

from Wellington.

South African mines Sudanese braced for largest stoppage on May 1

SOUTH AFRICA'S mine-owners have spent the weekowners have spent the week-end preparing contingency plans for what they believe will be the largest-ever unofficial work stoppage by black miners on

On Friday the Rand supreme court refused an urgent appli-cation by the Chamber of Mines to prevent the National Union of Mineworkers (NUM) from calling a strike on May 1.

The threatened stoppage, which has been called by the all-black membership NUM in all-black membership NUM in support of demands for a paid boliday on May 1 to celebrate. the centenary of Labour Day, has been opposed by the Cham-ber of Mines, the mine owners' co-ordinating body, as a paid holiday on May I does not form part of the current wage agreement between employers and black miners.

Neverthless, some of the ground appeared to have been cut from under the feet of the day when De Beers decided to grant a paid holiday to employees on its South African diamond mines.

De Beers is not a member of the Chamber, but is closely asso-ciated with Anglo American, South Africa's largest mining house. Last year Anglo American and its associates broke ranks with the chamber and improved on initially agreed black wage increases to avert a

evicted from Chamber member-ship last year, said that it would give all its employees a paid

holiday on May 1 this year and in future.

In private mining house executives believe that the May 1 holiday issue will hecome a test of strength for the NUM which presented its 1986 wage demands to the Chamber on Friday. Terms of the pay de-mand have not been disclosed, but unefficial accounts and the but unofficial reports are that the NUM has asked for 2 45 per cent increase in basic pay and other improvements to em-ployment conditions which add up to an effective 60 per cent increase in black wages. Also on Friday, Mr Danie Steyn, the minister of mineral

and energy affairs, handed the Chamber the third draft of the white paper proposing removal of the colour bar blocking black advancement into responsible line positions on the mines. He also delivered the propo-Mining Unions (CMU)-whose

principal member, the all-white membership Mine Workers' Union (MWP)—strong opposes the dropping of race barriers— and, significantly, to the NUM for comments.

The draft white paper's propasals bave not been disclosed, but according to unofficial mining house reports, the minister has proposed that he should have the power to decide the rate at which black miners can be trained to occupy jobs now reserved for whites.

That proposal is unacceptable Two weeks ago Witwaters to the NUM and does not rand Nigel, a small independent satisfy the MWU. One mining gold mining firm which was house executive said vesterday that the chamber would strongly oppose anything less than total abolition of job reservation.

GE withdraws investment

BY IM JONES IN JOHANNESBURG

GENERAL Electric of America nical know-how. its entire assets to local its name to Ganwert management for an undisclosed amount to be paid over a number of years.

taking place since November last year and focused on ensuring the American parent's agreement to maintain compo-nent deliveries to South Africa ment in South Africa several and to continue providing tech. years ago.

The South has quit South Africa and sold African company is to change

The South African operations employ about 500 people and sumber of years.

Sale negotiations have been and servicing of electrical aking place since November equipment and assembly and assymptor manufacturing of electrical components. GE ceased manu

deadlock over seat allocation

By John Murray Brown in

THE first cession of Sudan's newly-elected assembly broke up in disarray over the weekend with members voting to meet

again on May 6, having failed to reach agreement on forming a new government.

A dispute over the allocation of ministerial portfolios bas left the two main parties, the Umma and the Democratic Intensity and the Democratic Unionists (DUP) deadlocked.

The DUP, the junior partner in the likely coalition, is reportedly claiming the interior and foreign ministries and the key domestic ministry of com-merce. The party is also said to be demanding two seats in the proposed five-man supreme council which, in the absence of a presidency, will become the country's new sovereign body. However, yesterday there ap-

peared broad agreement that Umma should bold the finance portfolio, with Mr Abdul Raking Mirghani, chief economic adviser to the Kuwaiti Fund and a former governor of Sudan's central bank, tipped to take that

office.
The Umma party, which won 29 seats in the recent elections, still hopes that Dr John Garane. whose rebel Sudan's People's Liberation Army (SPLA), is fighting a civil war in the south; will take a seat in the 301-seat

assembly. However, the rehel movement said in a radio broadcast vester. day that it will not recognize or take part in the new government being formed in

Khartoum. The declaration was issued after weekend talks in the Ethiopian capital, Addis Ababa, with representatives of the Umma party, and the National Alliance for Salvation, an umbrella group of political parties, trade unions and interest groups.

Iran 'crushes attack'

Iran said yesterday its ferces crushed an Iraqi dawn attack on the southern edge of the ail-rich Majnoon islands in southern Iraq's Hawizah marshlands, Reuter reports from Bahrain,

In Baghdad, an Iraqi war communique said 1,950 Iranians were killed in an eighthour battle in Majnoon.

W;

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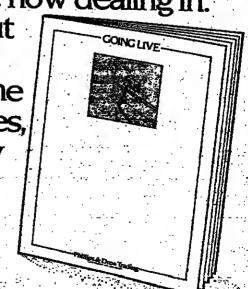
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ate, sen-hat bil-oli-ster blic

UK approves US plan for chemical weapons update

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT THE BRITISH Government bas would go through without pub-

Britain's agreement represents an important stage in the modernised, retaliatory capabi-modernisetion of Nsto's lity in chemical weapons. Howmodernisetion of Nsto's lity in chemical weapons. How-chemical weapon capability. The UK has not produced chemical weapons since the 1950s and decision to manufacture the

produce a new generation of weapons to modernise the Nato stockpile unless it has the epproval of its allies to do so.

Neto military officers from General Bernard Rogers, the supreme allied commander in Europe, down, have long argued ; hat Nato would be st a severe disadvantage in a future wsr given the lerge and more nodern chemical weapons stock neld by the Warsaw Psct

The US has not produced :hemicel weapons—principely ierve or mustard gases—since 969, Although the mejority sre

Vest Germeny. The US now proposes to prochemical veapons which only become ethal when two non-toxic hemicals are combined. The irst stege of the approval of the len is due to take place today Neto's defence plenning comver, it will not he binding intli agreed by defence mini-

agreed to the production of a new generation of chemical weapons by the US. The agreement will be formally conveyed to the US et a meeting of North Atlantic Treaty Organiss
(Noto) smbassadors in their agreed forces, believe that the

armed forces, believe that the alliance should have a does not intend to do so now.

However, the US, which holds stocks of what amounts to Neto's and be deployed to Europe only current chemical weapons, has been forbidden by Congress to Unease has been growing in

Unease has been growing in West Germeny, in particular, where an election is due in less then a year. The West German cahinet is reported to be split on the issue with Mr Hans Dietrich Genscher, the Foreign Minister, opposed to the move, and Dr Manired Woener, the Defence Minister, in favour of

In a statement issued yesterusy the Defence Ministry in London pointed out that Britain's agreement at this stage did not mean that chemi-cal weapons can yet be assembled. The US Congress had insisted that this should not beppen before October 1
next yeer and only then if an
international agreement to ban
chemical wespons had not been

Protracted negotiations . towards such a ban are heing beld in Geneva in the multi-nation UN committee on dis-

armament 7 Neto's defence plenning com-nittee attended by ambassadors f the 16-member alliance. How-ver, it will not be binding. ver, it will not he binding reason why a comprehensive, ntil agreed by defence miniers in the third week of Mey.

Nato governments appear to weapons should not be reached by October 1, 1987.

Oil prices 'likely to rise again by 1995'

-'ORLD oil prices could drop t are likely to go back up would begin to rise because of \$25 to \$32 a barrel by the demand recovery," the report -lddle of the next decade, said.

cording to a US Energy Dewriment report released at the
rekend, writes Reuter from year, prices could decline for

The major conclusion of analysis is that lower oll ces will not be sustained rmanently," the report by the Department's Energy tion Administration

The report was prepared at e House energy committee d made public by them, "Determining the world oil ice for 1986 and 1987 is nearly rpossible because it depends most entirely on the level of see (Organisation of Petro-duct and a decline of 2 percent-um Exporting Countries) pro-section (in particular Saudi rabian production)," the re-help create 1.1m jobs over the

Should Opec production exed current market demand by significant amount, world ude oil prices could easily op below \$10 per barrel, oduction costs of \$5 to \$9 r harrel for most oil pro-

Oil prices are at present out \$12 to \$13 a barrel

could be sustained only through 1986, after which time oil prices

two or three more years before

increasing.
"In all three cases (\$10, \$15 and \$20 per barrel), prices eventually settle in the range of \$25 to \$32 per barrel in 1995. as excess capacity is reduced, because market forces are the primary determinants of the longer term price level," the report sald.

The US economy will benefit from lower oil prices while they last. The report predicts an increase of 1.8 percentage points in the gross national pro-duct and a decline of 2 percent-

help create 1.1m jobs over the next four years while lowering the federal hudget deficit by nearly 14 per cent, says the Energy Department.

An oil import fee proposed by aome senators and congressmen wen the short-term marginal oduction costs of \$5 to \$9 most of any type of energy tax under consideration by raising inflation, reducing mannfecturing out \$12 to \$13 a barrel.

"Price2 of \$10 per barrel over the next four years it adds.

GM reduces financing rates to record lows

IY WILLIAM HALL IN NEW YORK NERAL MOTORS, the effective, msinly because it was rid's biggest car manufacter, has cut its financing and because the company ances to record lows in e hid boost flagging car sales ich have failed to respond to inonth.

financing ineres. Motors Acceptance reporation (GMAC), which ers financing on GM vehicles, offering a 5.9 per cent annual on 30-month loens for the rchase of Chevrolet Chevette, ntiac Fiero, Oldsmobile ntiac Fiero, Oldsmobile 11a gg sud Bulck Lesable Previously the rate

The financing, which comes with rstes on unsecured sonal loans of between 14.5 cent and 19.5 per cent ed by US banks, takes t todey and lasts until

GM says that GMAC's rates will be available on "nesrly all GM passenger cars and light trucks." The company is continuing to offer four-year financing at 8.9 per cent and five-year financing at 9.9 per cent.

GM'a decision to escalate the cut-price financing battle undercut-price financing battle undersigned for mid-April, show that caring has not been very cent below a year ago.

cut-price financing battle undersigned for siles on cut-price financing battle undersigned for siles on cut-price financing battle undersigned for cut-price financing battle undersigned for siles on cut-price financing battle undersigned for siles of cars fell used for siles of used for siles of cars fell used for siles of used



Peru makes payment of \$17.7m on debt interest

By Peter Montagnon, Euromarkets Correspond

PERU WILL today pay \$17.7m (£11.49m) in back interest to its commercial bank creditors, the first such payment since President Alan Garcia took office last summer.

with outstanding screars of \$450m, the psyment is regarded as significent in the banking community. It comes on top of other payments this month to the internetional Monetary Fund and the US Government Reduction Act, which calls for a which taken together, could suggest thet Peru is at last softening its hawkish stance towards foreign creditors who are collectively owed sround \$14hn.

In recent months it has be come increasingly clesr that President Garcis has been left isolated by his policy of unilaterally limiting deht ser-vice payments to 10 per cent of export receipts. Peru hae suf-fered s serious loss of trade finence as s result.
Senior Peruvian officials now

sey privately that this policy could be modified after the first enniversary of President Garcia's assumption of office in July. That would be e further gesture of concilietion with creditors, though it is unlikely that the policy of limiting debt service asyments will be dropped altogether.

ARGENTINA is to seek s further six-month extension of public and private sector deht maturities amid signs that it is making only slow progress in talks with the International Monetary Fund on an economic programme for 1986, reports our Euromarkets Correspon-

week by Mr Merio Brodersohn, the country's top debt negotis-tor, to a meeting of leading creditor banks chaired by Citi-hank in New York. It now bas to be considered by all the country's creditor banks,

The request was put last

six-month extension would give Argentins a hresthing space until September 30. A previous 90-day rollover is due to expire on Wednesday.

Last week's talks were com-plicated by the fact that more than \$1bn in Argentine bonds and promissory notes start to fall due next month, most of which were issued in exchange for private sector debt that matured early on in the coun-try's four-year-old deht crisis. Commercial banks had been worried that they would be

asked to raise additionel loans for Argentina this year if bonds beld by non-bank creditors were repaid. Instead all the bonds In the six-month debt extension.

Argentine officisls said they intend to incorporate measures for dealing with the bonds in their 1986 financing plans

Chilean opposition threatens strike

Representatives of Chilean opposition groups met in de-fiance of a Government ben and threatened to call a general strike within 30 days to press demands for reforms and a return to democracy, Reuter reports from Santiago.

The meeting, the broedestbased in 12 years of military government under General Augusto Pinochet, was beld without incident at the weekend et a church outside Santiago efter police said a gathering at a theatre in the capital had

Six killed during Haitian protest

At least six people were killed and dozens injured at the weekend when troops fired on s crowd of 10,000 Haitisns who bed marched through the capi-tal after a memorisl service for political victims. organisers sald, Reuter report organisers sald, Reuter reports from Port-An-Prince. An army officer and hospital sources put the death toll at eight.

Protest organisers said three people were electrocuted and three killed by gunfire in the most violent protest in Haiti since a popular revolt led to the fall of President Jesn-Cleude Dryalier on February.

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IMF ISSUES WORLD ECONOMIC FORECAST

US caution needed to reduce deficit

BY STEWART FLEMING IN WASHINGTON

A MAJOR challenge for indus- achieving the same maturity as trial nations in formulating mscroeconomic policies is the need to gauge the global impact of US efforts to reduce its budget deficit. They will need to assess whether to change their policies to offset the contractionary impact of deficit reduction in the US.

This is one of the main economic policy conclusions of the Internetional Monetary Fund's (IMF) World Economic Out-Though small in comparison The IMF report cites questions concerning the implemen-tation of the US Gramm-Rudman-Hollings Budget Deficit

> balanced hudget by 1991, as one of the three main changes in the economic environment. It says that "the Industrial countries appear now to have entered a period of sustained and hetter halsneed growth," and projects a continued economic expansion in the industrial countries with rises in real gross national product of 3 per

cent in 1986 and 3.2 per cent in Historically, it points out that

the current one - about three years - heve typically started showing some strain. "A repetition of this type of cyclical pattern cannot be excluded." But the IMF adds that, with inflation continuing to deceler-

ate. capacity utilitation not creeting bottlenecks and the terms of trade of the industrial countries improving (parlly as a result of falling oil prices). it is reasonable to take a more optimistic view of the sustainshility of the current expension

Although the nature of the economic policy issues fecing the industriel countries is different now, the need for effective solutions has not be come any less urgent. The IMF cites the issue of the policy reto Gramm-Rudman-Hollings, the depressing unem-ployment outlook in Europe and the need to avoid misalignment of exchange retes as three key issues.

creased determination" of the US to teckle the budget deficit, its economic projections that

The IMF welcomes the "in-

the budget will, to fact, be balanced by 1991. Indeed, be-cause of its concerns about the impect of vigorous deficit reduction, it says a less rigid timetable consistent with maintaining credibility of major cuts in the deficit "would he all to the good."

Thus, although it eccepts that hudget cuts would act to lower US interest rates and the ex-change rate, which would be beneficial for growth, "net effects are likely to be negative in the short run" for the in-dustrial world.

It goes on 10 hint at support for US efforts to encourage Jspan and West Germany 10 accelerate the pace of their economic growth through post-poning further tightening of their own hudget policies "if the United States is successful in reducing substantially its deficit."

It cells unequivocelly for "s somewhet less restrictive fiscal position" in Japen in 1986-87 while ssying thet "the justi-fication for a chenge in Germany's fiscal plans is more prospective than immediate."
As for monetary policy moves

to compensate for any tighten- portfolios would, therefore, ing of US fiscal policy, the IMF says it is important that the tendency of market interest rates to decline in response to reduced Government demands for credit be accommodated. This is the mechanism by which privete expenditure is 'crowded in' to absorb the resources released by hudgetery restraint."

But because of the need to retain the credibility of the enti-inflationary commitment of the authorities, it does not cell for any active monetary policy stimulation except in countries where policy had previously heen kept very tight because exchaoge rate constraints."

The exchange rste outlook is addressed eliptically in the report, but it is clear that the IMF remains concerned about the risk of a dollar collapse end is worried about how the iodustrial world would respond

The March level of the dollar, it says, "is estimated to be sufficient only to stabilise the current account. The amount of dollers in foreign investors'

of more than \$100bn a year." expresses doubts ebout investors' willingness to continue ludefinitely to eccumule(e US investments at this pace.

ate further, and this may be gradual or shsrp, particulerly if efforts to cut the budget deficit sre not successful, it

The lMF says that efforts to bring down the dollar by the Group of Five industrial Group of Five industrial nationa "were planued in ordination was assured. rather different situation could emerge, bowever, if the need was to respond to an un-expected or potentially disruptive exchange rate change."

The IMF also takes e gloomy view of the employment outlook in Europe saying that its medium term scenario sees unemployment in Europe dropping only 1 percentege point to 10 per cent by 1991 in splte of the susteined 3 per cent rate of growth sssumed

Reagan in telephone talk with Marcos

PRESIDENT Ronald Beagan, Argentina wants
debt extension

Argentina wants
debt extension

Argentina wants Imelda Marcos during the same phone call. Mr Resgan regards Mr Marcos as an old friend.

Mr snd Mrs Reagan stopped
over in Hawaii on their way to
Ball and the economic summit

> The White House confirmed that Mrs Corazon Aquino, the new Philippines president,

in Tokyo on May 4-6.

last week.

In his public stetements over the last two days, Mr Reagen has been portraying his 13-day Asisn tonr as designed to re-emphasise the US's Pacific role, and re-assert its leadership in the region. His mood, accord-ing to his advisers, has been "upbeat, msgnlficent." His tone bas heen unabashedly patriotic. in Hawail he proudly told a

Mr Reagan Is due to arrive in Ball tomorrow for telks with President Soeharto of Indonesia and a meeting with the foreign ministers of the six Association of South East Asien Netions (Asean).

Mr Mercos told supporters hy radio yesterday he would one day return to the Philippines and they should mobilise

would visit the US at Mr Reegan's invitation probably in the eutumn. Mr Resgan spoke to Mrs Aquino for the first time by telephone hefore leaving Washington at the end of free."

milltery sudience that Americs for a mass rally on May 1, Reuter reports from Manila. The broadcest from Hawaii was relayed by loudspeakers et a central perk where 10,000 Mercoe loyslists rellied to demand his return.

He urged bis supporters not to use violence against his successor, Mrs Aquino, end said they should "double and quadruple" their ranks at s Lahour Dey rally in his support in Manila on May 1.

Reagan (right) . . . considers Marcos a close friend





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Switzerland to insure

Turkish power plant

SFr 710m for

THE Swiss Government

agreed to guarantee SFr 710m (£253m) of the financing for a

coal-fired power plant of over 1,000 Mw to be built on the Sea

of Marmara near Istanbul.

The guarantee, however, falls short of the original request by the lead firm in the consortium,

PROVISIONS io Singapore's long-awaited Copyright Bill. which aims to strengthen protection for producers and publishers of intellectual property, have aroused considerable concern among lawyers and interested parties.

Service attended to a

The hill, introduced in parliament last month and published on April 4, will replace outdated legislation but will only be on the statute hook towards the end of the year, after public musical and artistic works and, hearings before a parliamentary separately, owners of record-

makers, software producers and even foreign governments. All have complained about Singapore as a "pirate's haven" because of its weak copyright selection and the selection and the selection are selected as a prison terms for infringe-

Chris Sherwell reports from Singapore on concern among lawyers, artists and software producers about planned changes to intellectual property

separately, owners of recordings, films, broadcasts and pubclosely by authors and hook publishers. music and film-makers, software products and film-makers.

The hill, modelled on Australia's comprehensive copyright legislation, seeks to protect authors of literary, dramatic.

The hill, modelled on Australia and prison terms for infringements. The maximum penalty is now a \$\$100,000 (£30,300) fine authors of literary, dramatic.

While praising the legislation's scope and toughness, however, those who have comhed its provisions are up in arms over some aspects. One official of the International Federation of Phonogram and Video Videogram Producers Video Videogram Producers (IFPI), which represents the two industries worldwide, called the hill a "threadbare" piece of legislation which needed drastic

continued trade privileges under the Generalised System of PreConcern is heing expressed over four aspects of the hill:

International applicability.
Although the Bill provides for multilateral arrangements with other countries, Singaporc has still given no firm indication that it will sign either of the two main international conventions covering copyright.

continued trade privileges under the Generalised System of Preferences. Yet US legislation on renewal of such facilities requires President Reagan to take country receiving the benefits is already providing adequate and effective protection of intellectual property.

Transitional provisions. tions covering copyright.

This means that authors and producers from countries which by do not reach a bilateral accord wor with Singapore will only have their works protected if these are available within 30 days of are available within 30 days of published in Singapore or were their first publication elsewhere. available within 14 days of pub-

to enact such as agreement in legislation.

In the US case, an accord seems likely to depend on US concessions to Singapore over continued trade privileges under

 Transitional provisions.
 Although the Bill evidently aims to protect works covered by existing legislation, the wording means that some works covered now are likely to lose protection unless they were first

For UK works (and perhaps Commonwealth ones) already published but arguably not covered by the old law — like computer programmes already on the market—producers will have to establish protection under the new act by proving they were covered under the nid.

to reflect the Singapore Gov-ernment's desire to make copy-righted material more widely available more cheaply to the

public.
Thus, the bill allows the tricovered by the old law — like computer programmes already on the market—producers will have to establish protection under the new act by proving they were covered under the nld.

Burden of proof. Under Singapore's anti-piracy laws, persous prosecuted for being in possession of goods infringing the copyright law were presumed to have committed an offence and expected to prove their innocence. The new bill reverses this, placing the burden on the prosecution in a criminal case to prove that an infringer knew the works were protected.

Thus, the bill allows the tri-hunal to grant licences for production and publication of translations of works on payment of a royalty. This may even be possible without the original producer's explicit permission. Elsewhere the bill fixes royalties for recordings of musical works at 5 per cent in the retail price—potentially very low for an audio-cassette—is calculated.

Many of these concerns may well be ameliorated through the planned public hearings of a parliamentary committee.

But a commitment by Singapore's anti-piracy laws, persons prosecuted for per

pore to sign an international convention on the day the legis-The new Copyright Tribunal, convention on the day the legis-This tribunal, set up to deter-mine remuneration for licences much further. Fur now, the to reproduce works and to settle bill seems 10 raise licence disputes, appears partly questions than it answers.

TURKEY

the lead firm in the consortium, BBC Brown Boveri and Com-pany, for SFr Ibn in Swiss-backed export finance insurance for the project.

Total cost of the project is expected to be around SFr Sbn. Other firms involved include Marubeni of Japan and the Electricity Supply Board of Electricity Supply Board of

Electricity supply mosts in Ireland.

Officials involved in the negotiations believe that chances of at least one of the three original coal-fired power plants being built on the "Ozal model" are steadily improving. Several say privately that it is new only a matter of time before one of the projects gets under way. Turkish Government segotia-tors are understood to have removed one source of hestita-

We don't need the amount of electricity which would be reallable if they all came on stream Meanwhile Turkey is nego-

Regulations with the three original coal atstion project consortia are believed to be proceeding steadily, though it is still not clear whether the US Expert-import bank will drap its insistence on a sowereign guarantee for the

removed one source of hestitation about the visibility of the "build-own-operate" model by tightening up the Government's the sale and price of the electricity from the plants.

They have also indicated that the plants will be built in phases as financing becomes joint wenture project, and that available on world money markets. "We are not going to build all three of the plants at Turkey is obviously also conthe same time," said a top government official last week projects should count as an "We don't need the amount of isset item in its balance of

projects should count as an asset item in its balance of payments rather than as an additudal debt when would be the case if a sovereign guaran-

tating the construction of a linder the "build-own-possible fourth coal-fired power operate" model, known as the plant, also to be built out the "Oral model after Prime build-own-operate" model. Minister Turgut Oral who is officials of the State Planning and to have refined it, a Organisation said in Ankara Turkish state agency would form a joint venture with one or more foreign companies to construct and operate a project for 15 years before handing it france plans to build a plant with a generating capacity of 1,050 Mw at Aliage on the Aegean coast north of Iumir.

The foreign partner would be expected to put up between 55 and 60 per cent of the equity. tee were issued. " build-own-

Saudi Arabia to consider finance for Indian projects BY FINN BARRE IN RIYADH

SAUDI Minister of Finance, Mr Moliammed Aba Al-Khall, irrigation project at the Sarovar agreed to consider projects project in Madhya Predesh Saudi financial help for three State, large Indian projects while againg agreements last week with India on economic scientific and sultural co-operation.

The three projects are stready under consideration by the Sandi Fund for Development (SFD). They are a power state ings for India.

SHIPPING REPORT

Evergreen shows way as container changes continue

BY ANDREW FISHER, SHIPPING CORRESPONDENT down by the samples.

As a result, OCL's profits will fall this year from the record £70m before tax of 1985. At the same time, however, OCL has moved on to the Atlantic market with its half-share in Trans Freight Lines.

THE container sector dominated shipping news last week, with changes in ownership announced at two of the world's biggest companies and a move on to the competitive Atlantic trade planned by another.

And highlighting the continued pressures on major routes the Container Insight market review said the cost advantage of Evergreen of

advantage of Evergreen of
Taiwan was so great that other
lines would be hard pressed to

lines would be hard pressed to compete.

One line competing with Evergreen, the world's biggest container shipping company, is Britain's Overseas Containers (OCL), now to become a full subsidiary of Peninsular and Oriental Steam Navigation.

P & O is paying around fixom for the combined 53 per cent share of OCL beld by two other companies. The deal was seem in the market as a sign of confidence in both OCL and the long-term prospects of containerised liner (scheduled service) shipping.

service) shipping.
Yet over-tonnaging, with
Evergreen a major contributor to expansion of espacity, remains a problem. Mr Kerry St Johnston, chairman of OCL, said that in spite of an upiurn in cargoes from the Far East to Europe, rates were still held

market with its half-share in Trans Freight Lines,
OCL does not expect to make large profits on the route for some time, but the move is its first outside the Europe-Middle/Far East-Australia runs. Next month two OCL ships, the Falmouth Bay and Strathsonon, will move on to the Atlantic.

Sea-Land, the big US liner group which is also a major force on Atlantic and other graup, which is also a major force on Atlantic and other rontes, last week accepted \$650m (\$432m) from the CSX railway group to stay out of the clutches of Mr Hareld Simmons, the predatory Texas husinessman.

Like many companies, Sea-Land's profits have taken a beating on the over-tannaged Facific. But the attractions of the Atlantic which had its bruising competitive phase a few years ago, have tempted Nedloyd of Holland on to the seems

scene.
Nedloyd will start Transatiantic services in Jaly, using rell-on/roll-off container chips which it is pulling out of the depressed US-Middle Bast trade.

		OYMENT		
US 000s	Mar. 86 8,419.0	Feb. 86 8,527.0	jan. 86 7,831.0	Mar. 8 8,384
UK 900:	3,324.6	3,354.0 73.2	6.7 3,406.6 14.1	7. 3,269. 13.
W. Germany 2000e	2,447.6 9.1	2,593.0 2.6	2.510.3 3.6	2,474
Belgium 000s.	504.6 12.2	521.2 12.6	-540.4 13.1	570J
France 000s	5eb, 24 2.434.0 10.5	jan. 54 2,493,9 10,7	Dec. 15 2,436.1 16.5	Feb. 8 2,485 10.
Italy 600s	3,203.0	3,184.7 14.6	3,074.0 13.5	2,970.6 13.6
Netherlands 000s.	750.0 13.2	740.8 13.4	749.5 13.2	881,5 14.1
apan 900s	1,589.9 2.4	1,650.0 2.7	1,540.0 2,5	1,640.0

Akzo loses US court case

AKZO, of the Netberlands, has chloride. If made, the ruling lost a court decision in the US could have resulted in Dn Pont over its long-running aramid having to pay Akzo for use of fibres patents battle with Du the solvent in marking its ara-mid fibre kevlar.

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Alfa Romeo plans joint venture with Nissan

Akzo asked the district court vious information available to in Richmond, Virginia, to declare valid its patent for a solution of the NMP solvent out. The deal, which could be vent, called NMP calcium side Akzo's patented process. In the nrst time since toe tate and leisure sector but only about 50,000 Arnas of the private and leisure sector but only about 50,000 Arnas of the market using an Alfa Talks on both deals have been built since the car platform, engine and other heen going on for 19 months.

Pont, of the US, AP-DJ reports from Arnhem. The two comparates have been fighting over aramid fibre patents in the US and elsewhere for several years.

Akzo asked the district court in Richmond, Virginia, to declared valid its patent for a solvent in marking its aralassis and elsewhere for several in Richmond, Virginia, to declare valid its patent for a solvent in marking its aralassis are solvent.

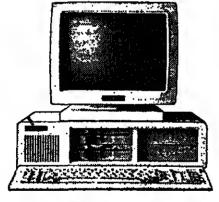
ALFA ROMEO hopes to sign the unsuccessful Alfa-Nissan Arna project with Arna car project based near with Nissan involves the Japanese group providing body shells mark the return of the state-owned Italian group to the four-wheel drive vehicle market for wheel drive vehicle market for the first time since the late unsuccessful Alfa-Nissan Arna project with Arna car project based near Nissan involves the Japanese group providing body shells mark the return of the state-owned Italian group to the four-wheel drive vehicle market for wheel drive vehicle market for the first time since the late unsuccessful Alfa-Nissan Arna car project with Arna car project based near Nissan involves the Japanese group providing body shells wenture vehicle to go into production if formal agreement through a deal to build a medium-priced sports car for sale by General Motors in the US with a Pontiac badge.

The deal, which could be unsuccessful Alfa-Nissan Arna project with Arna car project based near Nissan involves the Japanese group providing body shells wenture vehicle to go into production if formal agreement through a deal to build a mark the return of the state-owned Italian group to the four-wheel drive vehicle market for sale by General Motors in the US with a Pontiac badge.

The deal, which could have been about a small provided near project with area car project based near Nama car project with area car project based near Nama car project with Nissan of Japanese group providing body shells group providing body shells area new joint wonters the ca

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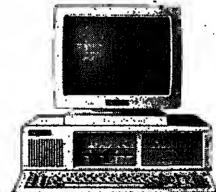
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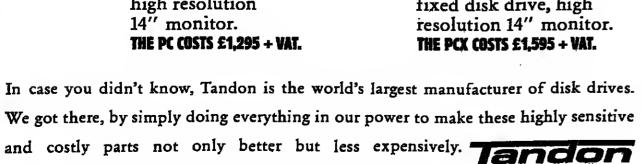
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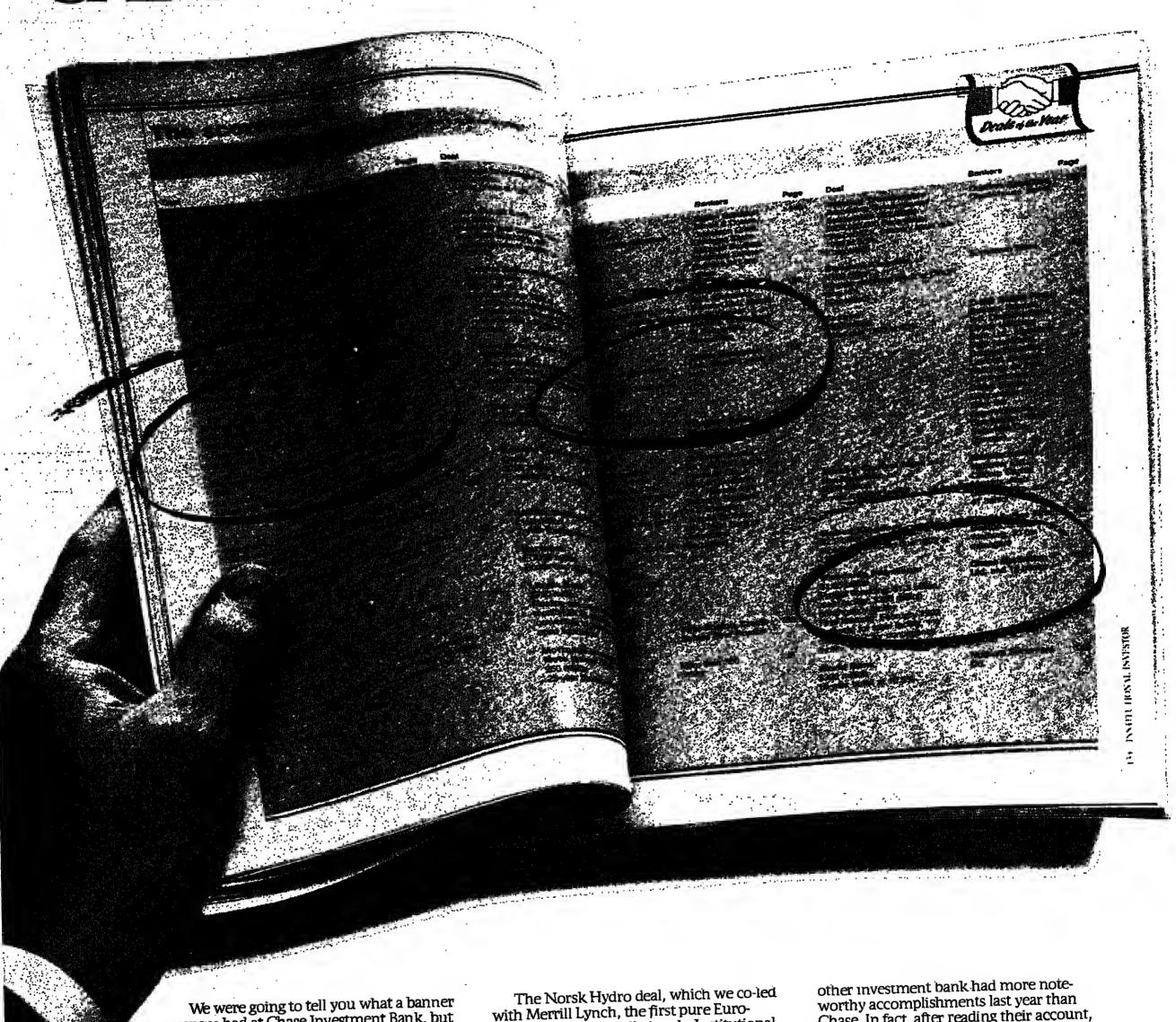
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Extracts from the statement by the Chairman, P.B. Prowting:-"Another record pre-tax profit of £1.4m. Very successful issue of £5m 1114% First Mortgage Debenture 2018. Company has solid base for further growth."

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British Telecom plans to raise \$500m in US

BRITISH TELECOM is returning the company's treasurer, says the to the international capital markets a "strategic move in this week for the first time since its the positioning of BT to be ready to be ready to the positioning of BT to be ready to privatisation in 1984 with a programme to issue up to \$500m worth of commercial paper in the US.

It has appointed Goldman Sachs. the Wall Street broking firm, as sole dealer for the programme. Issues of US commercial paper—short-term unsecured debt—are likely to be followed later by a similar programme in the Event as similar programme in the Event as the street as t ar programme in the Euromarkets.

BT has no immediate need for new money, but the operation illustrates the company's international growth aims. Mr Christopher Bull,

Prison officers agree

to suspend action

(POA) yesterday suspended its sent home without pay.

general secretary, gave a warning at some prisons, that industrial action would be The dispute be

However, Mr David Evans, POA could lead to cuts in take-home pay

Prison officers were working normally yesterday after the 24-hour mally yesterday after the 24-hour protest action which ended at noon should be released six months early

new inmates at 16 jails affected by MPs urge in a report published

the action. About 20 officers were today, sent home without pay, the first The report from the all-party

time this has happened in the parliamentary penal affairs group

The most serious problems oc- should take the one-off step of re-

curred at Leicester prison where of- leaing all non-violent offenders in

ficers walked out at the end of their the last six months of a sentence of

Venture capital aids over-40s

ENTREPRENEURS who secure from financing companies belong-

their 40s, professionally or academ-leally qualified and moderately ital were in their 40s, 93 per cent

shift instead of working overtime in less than three years.

venture capital to establish or exing to the BCVA.

BY DAVID THOMAS, LABOUR STAFF

campaign of industrial action in its

called at any prisons where gover-

nors tried to impose hudget cuts.

on Saturday, Staff turned away 270

prison service.

BY STEFAN WAGSTYL

pand a business are likely to he in

their 40s, professionally or academ-

wealthy, according to a survey car-ried out by Mori for the British Ven-

might lead to a settlement.

raise both short and long-term capital in the international markets

BT has already signalled its plans to expand abroad, including in North America, with the purchase of a controlling interest in Mitel, the Canadian telecommunications equipment group; an agreement to buy Dialcom, an electronic-mail business, from ITT: and a joint venture with Du Pont on ooto-electron-

Standard & Poer's and Moody's Investors Service, the US credit-ra:ing agencies, bave given BT their

overtime down, which he admitted

The dispute began after a ballot of POA members produced an 8I

per cent vote in favour of

to empty Britiain's jails, a group of

says that the Home Secretary

It found that more than half the

were over 35, and 73 per cent had a

professional qualification or a

borrow in that way.

Until the summer of 1994, BT had a \$250m US commercial paper pro-gramme with a UK government guarantee. That was discontinued before privatisation.

BT is also keen to attract foreign investment in its equity. It is among UK companies campaigning against the UK Government's plan to tax conversion of UK shares into New York-traded American Depositary Receipts. It has also applied to list its shares on the Tokyo Stock

Rolls-Royce plans small gas turbines

By Ian Rodger

THE PRISON Officers' Association protest at four colleagues being ROLLS-ROYCE, the state-owned aero-engine group, is developing a small gas turnine engine to com-Mr Hurd said yesterday he dispute over staffing levels in the thought overtime made up too high bope that talks today with Mr a proportion of officers' wages and pete with diesels in many industrial Douglas Hurd the Home Secretary, he wanted to see staffing up and markets.

The worldwide sales potential for the turbine, in the 2 megawatt to 3 Mw range, could be as high as £100m a year.

Mr Frank Turner, director of Rolls' industrial and marine divi sion at Ansty near Coventry, said the opportunity for such a turbine had arisen because of advances in material and production technolo-

Until now, gas turbines have heen unable to compete with diesels in power ranges below 5 Mw, except in special situations, bacause turhine production costs are higher than those of diesels and their thermal efficiency lower.

Rolls believes it can overcome these disadvantages by applying the latest material and production technologies used for its aero

Mr Turner said the company's experience with dual-alloy metallur-gy, used to make the wide-core fan hlades for the RB 211 aero-engine, could be adapted to make a highly

efficient rotor for a small turbine. Mr Turner said there were sever al potential applications for a 2 Mw to 3 Mw turbine. These included ture Capital Association (BCVA), degree.

Mori interviewed 185 entrepreneurs who had received backing previously held management jobs — power and heat generation, rai locomotives, tanks and other previously held management jobs — tary vehicles and small ships. power and heat generation, railway locomotives, tanks and other mili-

CBI in challenge to US jurisdiction claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

The CBI said yesterday it and the

which involves broad claims of ju-

At the heart of the dispute is the

extraterritorial application of US

risdiction over foreign companies.

THE Confederation of British In- restored by the California Suprem dustry, the employers organisation, and the American Chamber of Com-

The ruling was that California merce in the UK have jointly intervened in a case pending in the US
Supreme Court in an attempt to ward off what they see as a serious that some of its components might threat to component manufactur- end up in California.

Asabi has appealed to the US Sppreme Court, seeking to have the ruling quashed. The case is due for bearing in the autumn.

Chamber were supporting a chal-lenge to a California state ruling The American Chamber of Com-merce and the CBI have made their intervention because of the potentially serious consequences for their members of the Californian

laws to foreign companies, which has frequently upset relations be-tween the US and its trade partclaim to jurisdiction were upheld Sir Terence Beckett, director gen-eral of the CBI, says the case could The case has arisen as a result of have alarming consequences for British and other non-US firms a motorcycle accident in California which was allegedly caused by a burst tyre. The victim's family sued the tyre manufacturer. Cheng Shin Component manufacturers that had no business dealings in the US would be vulnerable to product lie-Rubber Industrial, of Taiwan, for bility and other claims in American damages. The case was settled out courts if their products were incorporated in goods sold into the US.

of court for an undisclosed sum of This represents a quite unacceptable assertion of the jurisdiction of US courts," he said. It Cheng Shin, which bas a business presence in California, then sued Asahi Metal Industry, a Japanese company which supplied tyre-values to Cheng Shin, for a contricomes at a time when escalating product liability costs are already making life increasingly difficult bution to the damages. Asohi has no business presence or dealings in California, and its dealings with for British manufacturers with established business links in the QS.".

The American Chamber of Com-merce, half of whose members are British companies trading in the A Californian court ruled that it had jurisdiction to hear the case. US, sees the Asahi case as a gen-This judgment was overturned by eral extension of US claims to here the state Court of Appeal but then jurisdiction over foreign companies.

Electricity supply faces union disruption

BY DAVID THOMAS, LABOUR STAFF

70,000 manual workers in electricity supply believe their members have voted for industrial action in a dispute over pay and productivity.

Cheng Shin were all in Taiwan.

The unions said the ballot had been called because the employers had refused to increase their latest pay offer worth between 5 per cent and 5.5 per cent, and because manual workers had not been receiving enough productivity improvements.

UNION LEADERS representing promotion for manual workers to white-collar jobs. The outcome of the ballot will not be known until next week, but Mr

Franks said that judging from mass meetings held throughout the country there is a strong feeling among the members that they will support industrial action without an im-The Customs and Excise said

yesterday that travellers were not being affected by the customs dis-Mr Fred Franks, national officer puts at Heathrow Airport. Talks for the electricians union EETPU, almost at resolving the dispute the largest of the manual unions broke down on Friday and union of yesterday blamed the grievance on ficials said action would be escaled the lack of a unified grading structure, ed, not just at Heathrow, but also at ture which would allow easier some ports.

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TWO NEW equity stockjobbing firms will begin to make markets on the floor of the London Stock Exother newcomers which have re-cently started business. The influx of fresh names gives a foretaste of provides a foretaste of tion likely after the exchange's Big Bang in October, writes Bang structural changes next Octo-ber 27.

It fact the stock exchange expe about 60 member firms to be making markets in equities after the Big Bang, compared with about 14 in the past of which only five or six

have been major players.

The new market-makers are beginning cautiously. Wood Street Securities, from the Wood Macken-zie/Hill Samuel stable, will initially cover only four sectors - inves ment trusts, insurances, oils and

big broking house Phillips & Drew. will cover twice as many sectors but orously separated. it emphasised it would mainly be in business to facilitate trades for P & D's broking clients. "We are not here to win market share aggressively from other people," said Dr Paul Neild, head of equities at

Two American-owned firms have already joined the fray. Merrill Lynch (Equities), which began trad-ing early in March, is one of three separate member firms of the London exchange which the US securities giant set up. The other two are a gilt-edged jobbing firm and a bro-

Elsewhere, a Citicorp offshoot, Scrimgeour Vickers (Traders), be-gan on April 1. It initially made prices in stores and chemicals, areas of particular expertise for its broking parent Scrimgeour Vickers.

Although one or two of the big broking houses, such as James Cap-el, are declining to become signifi-cant market makers, various others are expected to set up shop in the next few months.

Meanwhile, several market makers are already in business separately from the official stock exchange. For example, merchant bank Robert Fleming has taken a big share of the electricals market, and the London branches of New York securities houses such as Goldman Sachs, Salomon Brothers and Morgan Stanley are from time

change this morning. They join two stock jobbing firms on the the enormous increase in competi- conditions after the Big quality personnel." Barry Riley.

> A number of these are expected to seek membership of the London exchange, but are holding off for the time being because they are re-luctant to comply with complex rules that apply to securities groups owning both broking and jobbing subsidiaries.

Many of these restrictions will be some pharmaceuticals.

Philips & Drew Trading, the other resecond an offshoot of the October 27, but for the time being broking and jobbing have to be rig-

> At Wood Street Securities, for instance, a screen has had to be built across the big, newly constructed trading floor. This physical embodiment of a Chinese wall will be torn down on the weekend before the Big Bang, and the traders will emerge from their corner to adopt new positions among the salesmen and agency dealers who talk to in-

As a special transitional conces-sion, traders will be allowed to enter broking premises early in the mornings for the two months before the Big Bang, but they must scurry out at 9am and must not come back before the official market close at

For the next few months, all the new jobbing firms have been asked by the stock exchange to maintain a presence on the market floor at Throgmorton Street. After the Big Bang, however, much of the action is expected to switch "upstairs" to the various individual trading rooms, where already business is done after market hours:

A continuing scramble for more traders is certain to be seen in the next few months. For instance, Scrimgeour Vickers (Traders) has

Wood Street Securities has 19 traders, but wants to build this to nearer 40 by October 27. Philips & Drew Traders is a little bigger with 25, including six trainees, ready to move into action this morning, but the firm is "still looking for top

Uncharacteristically, Lynch has adopted a low profile for its equity jobbing debut. Seven traders make markets in just 37 leading stocks. "Wa are taking it very cautiously and are feeling our way." says Merrill's Mr David Ro-chester. "Wa are not coming in with our guns blazing as everyone may have expected." But, after the Big Bang, Merrill should be trading the top 100 stocks.

Like most market men, Mr Rochester fears the going could get tough. "It's going to be a very com-petitive market place." he says.

Dr Neild forecasts: "Conditions may be difficult in the early days after October 27. But we are planning to live through them, and any set-backs for the market could provide opportunities for us to pick up a bigger pool of experienced people." It will not be a market for the

fainthearted, however. P & D's new owners, Union Bank of Switzer land, is thought to be committing several times the jobbing subsid-iary's nominal £5m capital to the new market making project.

One of the big existing jobbers, Wedd Durlacher, shortly to form part of the Barcleys de Zoete Wedd grouping, is battening down the hatches ahead of the Big Bang. It has cut its domestic equity trading team from 70 to 60 and from today will cease to make markets in 55 minor stocks traded on the Unlisted Securities Market.

We want to concentrate our resources where we will be able to provide a better all-round service," says Wedd's senior partner, Mr John Robertson.

But he fears it will not only be hard to make money out of such inactive third-line stocks, but also in the market leaders for which every serious securities house in the market will feel obliged to quote prices.

He accepts, however, that the just 13 people, including trainees, changes are necessary with the market floor at present, but don develop as a major market place. His message to the new jobjective of covering six sectors by the Big Bang and a dozen eventual the point where they pinch all our bers. I wish them well, but not to

Austin set to launch diesel car in Italy

By Kenneth Gooding, Motor industry Correspondent

AUSTIN ROVER, the BL subsidiary, will launch its long-awaited diesel cars in Italy next year and expects to sell them there at the annual rate of 5,000.

At least half will be incremental sales and the diesel, developed with Perkins, the UK subsidiary of the Massey Ferguson group, should help Austin Rover achieve a 2 per cent share of the Italian new car

Italy is one of Austin Rover's best Continental markets and sales last year reached 22,000 for a 1.5 per cent share. But 24 per cent of all the new cars sold in Italy, where diesel fuel is half the cost of petrol, have diesel engines and up to now Austin Rover has been unable to compete in this sector.

However, the diesel version of the "0" series engine is due to be in-troduced in the UK in the autumn three years behind the original tar get date - in a Maestro van.

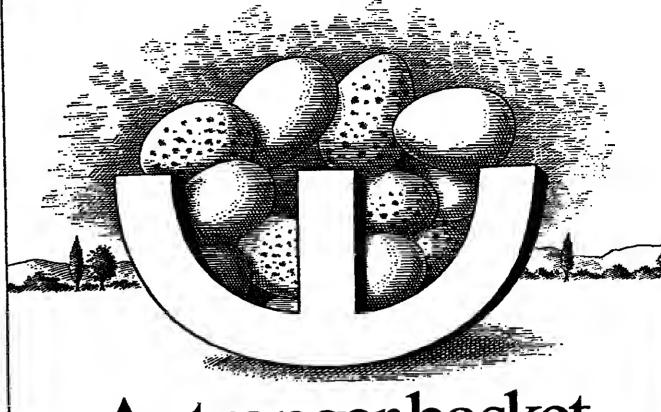
Mr Lorenzo Mercanti, managing director of Austin Rover's Italian subsidiary, said the company would offer a 2-litre diesel version of the Montego and the Maestro cars as well as a turbo-diesel version of the Rover 800, to be launched this year.

• Mr Gerald Ronson's Heron Corporation has decided to keep the Lancia Italian car import franchise which so far has proved to be one of its less-successful investments.

This became clear at the weekend when Heron announced top management changes with Heron Trading, the division which controls Lancar, the import company, as well as Suzuki GB Cars and Heror

Mr John Norman, who was Lancar managing director, has become chief executive of Heron Trading and joined the Heron Corporation

Lancar's new managing director is Mr Denys Rohan who will continue for a while as managing director of Heron Power, the company which distributes Suzuki motor cycles in Britain. He, too, joins the Heron Corporation board.



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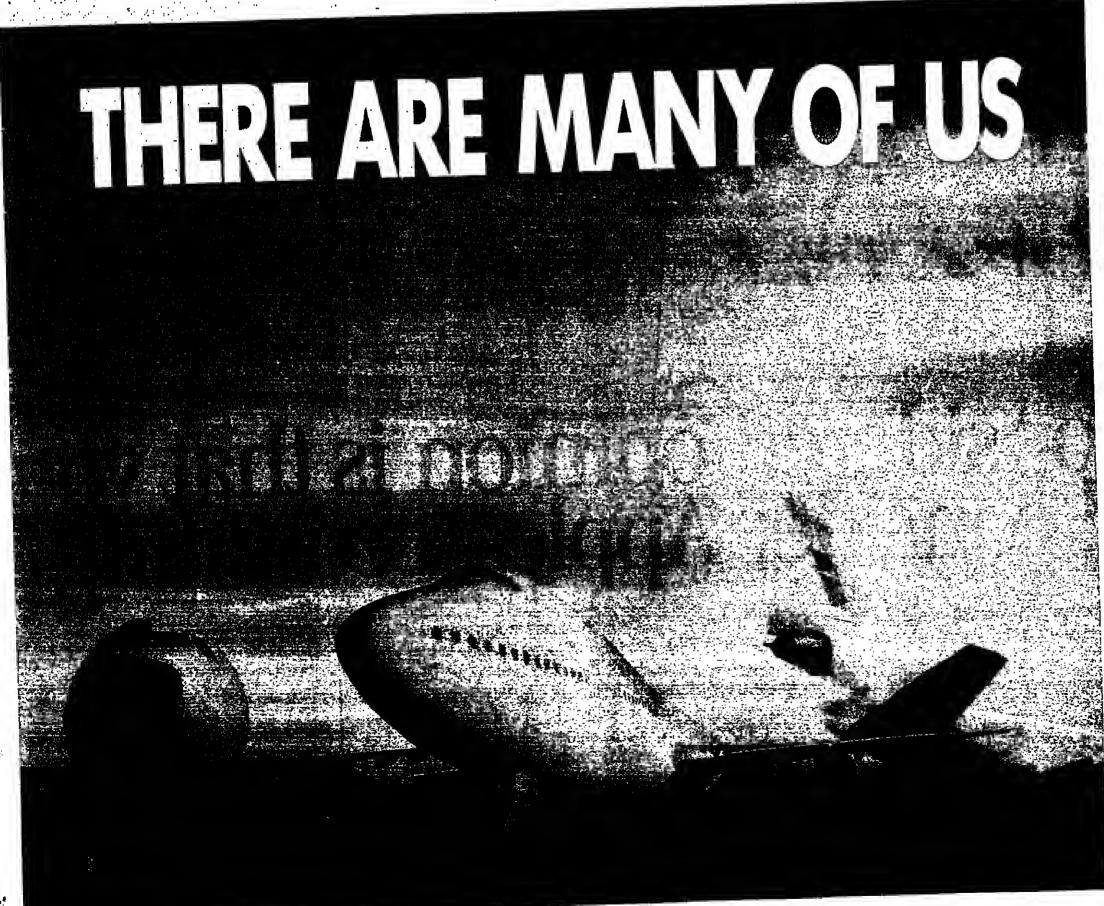
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April 1986

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Certificates of Deposit due May 12, 1987 (the "Certificates") Notice is hereby given that, pursuant to the provisions of the Certificates. The Bank of Tokyo, Ltd., Portland Branch ("the Back") will prepay the outstanding principal amount of the Certificates identified below in full on May 12, 1986, the next interest Payment Date, together with the interest accrued to that date, Payment will be made against presentation and surrender of said Certificates at The Bank of Tokyo Trust Company at 100 Broadway, New York, NY 10005. The Certificates being called are as follows:

May 12, 1983

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UK NEWS

RESOURCES SWITCH PUTS DEFICIT PRESSURE ON YOUNGER

Defence budget braces for the lean years

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

WHEN Mr George Younger took re-ordering of the defence budget is over as Defence Secretary from Mr now taking place is known as the Michael Heseltine three months ago he knew he was in for a diffi-Ministry of Defence habitually cult time. But quite how difficult a plans defence spending over a 10-task faces him, at least on the de-year period, with very detailed costfence budget, is only now becoming

For the past week, Mr Younger how has had several bundred pages of tail), documents on his desk detailing choices be must make during the next month or so if he is to trim a probable minimum of Cibn a year for each of the next three years from the defence budget.

The exercise is necessary because, after seven fat years of defeoce spending since the Tories took office in 1979, the Government is now planning for at least three lean ones, with a projected decline in real terms of 7 per cent up to

The Government's decision to switch resources from defence to other areas of the economy is the main reason for the expected deficits. These are larger than anticipated partly because of higher in-flatioo, wage and exchange rates.

There are also many other factors including underestimation of ing to keep 55,000 men in West Gercosts on the controversial Nimrod early warning aircraft, now several hundred million pounds over bud-mend that the Government should get, the need to insert new projects do its best to keep to the general like the European fighter aircraft aims of the last defence review in (Efa) into the programme; and fi- 1981, carried out by Sir John Nott. nancial problems stemming from The Nott review, which was largely greater efficiency in the shipbuild- invalidated by the Falklands war, ing yards which have brought deliv- reduced the size of the Royal eries, and so bills, forward faster Navy's surface fleet and hoped to than anticipated. Added to this, the see a decline of nearly 20,000 mili-£10bn Trident nuclear missile sub- tary and 70,000 civilian personnel marine programme begins to peak by this year.

The process through which the ent room for manoeuvre is slim.

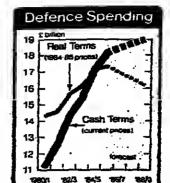
years are published in advance, however, and that in minimal de-

The LTCs take place annually: the armed services submit projected budgets in the autumn, with the central office of management and budget gradually reducing and co-ordinating programmes as the resources picture clarifies.

The resultant plans are considered in the spring by the Financial Planning and Management Group, the highest official financial body which is chaired by Sir Clive Whitmore, the Permanent Under Secretary, and includes Admiral Sir John Fieldhouse, the Chief of Defence

It is this body's report which is now before Mr Younger. The report does not recommend a full-scale defence review, in which whole commitments, like Britain's undertakmany, would have to be cut - although it does apparently recom-

Without such a review, the pres-



Some 35 per cent of the total de-fence budget goes on personnel, and while only half the planned re-ductions in the armed forces have been achiaved, service chiefs insist they can be cut no further.

They also say little more can be done to shift service activities to the private sector, or from support areas to the frontline.

Some savings have apparently been recommended in these areas, but the brunt of the cuts will fall on the procurement budget, now standing at nearly 19bn a year.

This is despite the quite significant savings which are already being made to the weapons procure ment budget because of the ministry's drive to get better value for money from defence contractors. Mr Peter Levene, Chief of De-

fence Procurement, hopes the total of contracts placed competitively this year will rise to 60 per cent of the total, compared to 30 per cent in 1979-1980 and 48 per cent in

He is also toughening terms for

contractors in other ways - his recent decision to withold more socelled progress payments, made to
contractors before their work is

It appears probable that the army

report is believed to detail at least five "baskets" of possible measures. These are described as ranging from ones that will cause relatively little 'pain and grief' - and might anyway have been expected in the normal process of trimming back

competing bids from the services to tougher and more controversial The first category already agreed deficits by £200m-500m a year, but the remainder await ministerial

Mr Younger is expected to have his first official discussions on the measures later this week. But while the actual cuts which he will recommend are not yet known, the sensitive areas are already obvious.

the Royal Navy should have a surface fleet of 50 vessels, with eight of those on standby.

There are now 54, all active operationally. This total seems certain to fall. This would be achieved partly by ordering fewer than the intended three new warships a year, which will be a further blow to an already suffering shipbuilding in-

whether or not to replace the am were, despite the expected cuts, at phibious landing ships Fearless and least for the next few years. De-Intrepid, reprieved in 1982, is again fence industries, too, have done being deferred while a new study is well out of the seven fat years of Tounaffected, the programme to re- first

Completed, is one.

But much more is needed to cope 70 Challenger tanks, partly because with the deficits and the officials of the political necessity of giving of the political necessity of giving work to the Royal Ordnance Facto ries, soon to be privatised. But some of the army's new battlefield ownnumeration programmes could be delayed, as could the new long-range multi-launch rocket system (MLRS) project.

Also at risk could be the modernisation of battlefield transport, with the decision being deferred on whether the next medium-lift helicopter should be the proposed new NH 90 or the Black Hawk to be built by Westland under licence from Sakorsky of the US.

The RAF, which has the largest modernisation programme of all the services, may escape most lightly, at least in terms of large pro-grammes, if only because its bud-The Nott review intended that getary problems are bound to be eased by the deferred arrival of new Tornado sircraft, now being sold to Sendi Arabia. However, a range of missile programmes as well as continued modernisation of air communications could well suf-

fer delays. The armed services acknowledge they have done well since 1979; with modernisation programmes greatly enhancing their capabilities. This It is also clear that a decision on will leave them better off than they

commissioned. Although the Tri-ry defence spending, but the new dent programme will apparently be austerity will inevitably but them

Call to end national pay scales

COMPANIES operating national them because of the widening gap between salaries in the north and south of the UK. Reward Regional Surveys, an in-

dependent research company, says sales are not scrapped, those in the in its latest twice-yearly review of south could continue to find it diffimanagement salaries published to- cult to enter the housing market or day that the increase in house those io the ourth could continue to prices in the south is so much faster than in the north that it is increasingly difficult to run an equitable national pay scale.

"Whether one likes it or not, the pay scales have been urged to scrap only sensible solution is to scrap national pay scales and relate pay much more closely to the local 'going rate'," says Reward.

Reward says that if oational pay be overpaid with the company wasting money.

Reward says that for the first time it has found proof that basic

pay increases are moderating. But increases will decline steeply increases in bonus and profit-sharing payments have pushed up total

earnings by managers.

Basic pay rose 6.6 per cent over the year to February 1986 but total earnings increased by 9.3 per cent, inflation will be running at 2.7 per UK air passengers and shippers, says Reward, which surveys about cent and pay increases at 5.1 per writes Peter Marsh. 600 companies.

By comparison, basic pay rose by 8.7 per cent in the year to July 1985 and total earnings by 9.1 per cent. Rewards expects that, with con-Rewards expects that, with con-tinuing low inflation, the rate of pay national average.

Management this year aims to give pay rises (excluding performance bonuses) of about 2 per cent more than inflation, says Reward. It forecasts that by February 1987

is £11,518 a year, or £11,810 with bopuses, says Reward. In London the

Plan to cut air links criticised

PROPOSALS to reduce the number of connections between Heathrow, London, and other British airports should be rejected, according to the Air Users Transport Committee, e. lobbying groop which represents

: Commenting on recent draft proposals by the Civil Aviation Authority, the committee says it is in fundamental disagreement with the CAA's plan to displace from Heathrow certain domestic routes.



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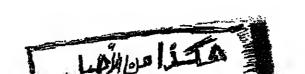
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UK NEWS

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Private developers may have bigger role in urban renewal

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is considering closer involvement of private developers and companies in the regeneration of inner cities, if neces-sary bypassing local authorities.

In a further phase of the review of urban policy, Mr John Patten, Minister for Housing, Urban Affairs and Construction, is considering ideas for creating more urban development corporations along the lines of those in London's Docklands area and on Merseyside in

Decisions on these and other ideas for the inner cities are likely to be taken in the next few weeks. In a recent speech to the building industry, Mr Patten raised the question of whether there should be more urban development corpora-

He said: "The areas would have to be chosen very carefully, but the possibility is worth considering. Could the private sector help to take a more active part in one or

Mr Patten said he was deter- He said these authorities had been mined to foster urban renewal led tion grant to support this drive.

The minister said areas ear-marked for renewal would generally include 100 acres or more of derelict and disused land or proper-ty. Such areas were likely to be too big to be regenerated by a single project supported by an urban development grant. Buildings or plots within such areas could not sensibly be brought into productive use

suitable areas would be the willing-ness of private businesses to take part. He added that representations so far received by him suggested there was no shortage of enthunent industries.

cern about the social mix in some inner-city areas where many homes

tempted into taking too dominant a role, not only in housing but also in the local economy as a whole.

Local authorities, he said. "have become not only the dominant land-lord but often also the largest single employer. They have helped to create a command economy and a client society. They make too many of the choices that should be left to individuals. This fits poorly with the strategy approach to our urban problems that I think we should

volving a partnership between cen-tral government, whether directly

what they could achieve not only as the providers of housing and other services, but also by making it possible for others to provide and manage houses. He said the role of the private sector in a new partner ship was essential and of growing

Manx

shipping

register

flourishes

THE ISLE of Man, off the north-

This brings the island's register

which has switched to Douglas is Ellerman. More switches are ex-

pected, since the ship manage

BUSINESSMAN'S DIARY UK TRADE FAIRS AND EXHIBITIONS

May 11-15 Domestic Heating and Plumbing Fair—HEVAC 86 (01-940 6055) NEC, Birmingham

Communications Equipment and cess Engineers Exhibition—COMMUNI- ference—So51)

NEC, Birmingham

Internation cess Engineers Exhibition—COMMUNI- ference—So51)

NEC, Birmingham

June 68

May 18 Antiques Fair (01-883 7061) Alexandra Palace May 20-22 RoSPA International Safety Exhi-bition (021-780 4171) NEC, Birmingham

OVERSEAS TRADE FAIRS May 2-15
International Printing and Paper International Cargo Services and Fair—DRUPA (01-493 3893)
Equipment Exhibition—INTER-Dusseldorf CARGO 85 (07072 75641) Boston

May 26.36
Antomated Manufacturing Conference and Exhibition—AUTO-

April 29-May 1
British Electronics Week (0799 Chelsea Flower Show (01-834 28699)
Olympia 4333)
Ray 28-74
R don International Furniture Fine Art and Antiques Fair (01-385 1200) Olympia June 3-5

west of England, has persuaded Ca-nadian Pacific, the transport and resources group, to join its fast-de-veloping shipping register by switching the registrations of two bulk carriers from London to Dong-June 3-6 International Chemical and Pro-cess Engineering Show and Con-ference — EUROCHEM (01-891 las, the Island's capital. Business Expansion Exhibition to 42 ships. Another big name

0000) Royal Garden Hotel, W8 June 7-8 International Air Fair and Trade Exhibition (0929, 71111) Eiggin Hill

companies, Asilems and the Den holm group have set up subsidiarie on the island. The main advantages to shipown ers of joining the Manx register are financial. These include favourable taxation; and capital allowances One of the biggest attractions is a

> Captain Geoffrey Davis, chief ma rine surveyor for the Tale of Mandock board, says that the additional costs of employing sea-going labour on a British ship can be up to 50 per cent of total wages. Under the Manx offshore arrangem members take care of their own pensions and income tax. This turns out to be more cost-effective

Despite its independence, the reg-ister is legally part of the British register. This means that British regulations apply in areas such as safety and inspection standards.

The Isle of Man is therefore try ing to attract British owners who want the lower costs of an offshore registry but who think that the Bahamas or Hong Kong are too far away. They also hope to see owners switch from other offshore registers and should be well placed to offer an established alternative to Hong

May 27-29
Banking Association of Ticino and City of Lugano: International banking symposium (01-Lugano "We are offering a respectable flag of convenience," Capt Davies says. "We worry about the connotations of being a convenience flag so we insist that ownership or manment of the ships be actually on the island. There always has to be someone here I can go to and de-Hotel Inter-Continental, W1

> The register came into force last July when the Isic of Man acceeded to the safety of life at sea convention. This was 12 years after the register was first mooted but it took that long for the island to develop its own maritime code and legislate accordingly. Everything has taken place with the approval of the Brit-

Providing jobs on the island has been a prime motivation and about 50 have resulted directly so far, half

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BUSINESS AND MANAGEMENT CONFERENCES

April 29-30
Euromoney Publications: Staniland Hall Associates: Guide-lapanese financial markets (01- lines for company plans and budgets—the UK economy to end 1987 (01-353 6054)
Hotel Inter-Continental, WI

April 30 Public Policy Consultants, Advanced techniques of dealing with Government (01-606 6090) St Ermin's Hotel, SWI May 1

CBI: The Insolvency Act 1985 International reinsurance forum

(01-379 7400) (Panama 63-7555) Panama Centre Point, WCI May 26-30 International Advertising Asso May 5-7
KIA Management Consultants:
Gaining a competitive advantage
—developing successful strategies
in service industries (01-267

May 6
The Institute of Taxation:
The Institute of Taxation:
Finance Bill 1986 (01-235 8847)
Hilton Hotel, WI
For Conferences: Telecommunications and the European business market planning tomorrow's trade routes (01-62)

Financial Conference Management Real estate leasing—a foundation for growth (0376 62262) Cafe Royal, W1 Tun and Bradstreet: Finance for private companies (01-377 14452) London

May 15-16 FT Conferences: Retailing (01-621 1355) Leadon

May 20 CBI: Contract bonds and guarantees (01-379 7400) Centre Point, WCI

Business Efficiency, Office Ante-terence and Exhibition—AUTO-mation and Business Communi-MACH 86 (US (313) 271 1500) cation Exhibition—BEE/OFEX.

Sydney

May 28-23 FT Conferences: The 1986 Motor Industry Conference — vehicle distribution and marketing (01-621 1355) Geneva

June 2-3
Avmark International's annual conference on European aviation. European liberalisation and its effect on aircraft demand and values (91-821 6788)
Tara Hetel, W8

June 2-3

May 13-15
Production, Organisation and Technical Aspects of Shows & Meetings, Trade Fair and Congress SHOWTECH (01-740 Berlin 194161)

May 13-15
Meetanical Handling, Machine Tool & Products Exhibition (01-439 3964)
Parks
Meetings, Trade Fair and Congress SHOWTECH (01-740 Head)

Meetanical Handling, Machine Tool & Products Exhibition (01-43)

Retail and Distributive Exhibition—RETAIL EUROPE (0734-7444)

Mechanical Handling, Machine Tool & Products Exhibition (01-43)

Retail and Distributive Exhibition—RETAIL EUROPE (0734-7444)

The register's status is similar to that of the Hong Kong or the Baha-

May 22
The Institute of Directors: How to work out the winning streak (01-839 1233).

116 Pall Mail, SWI ciation: World advertising con-gress (Chicago (312) 644 5997) Chicago Kong after the Chinese takeover in

mand that things be done if they

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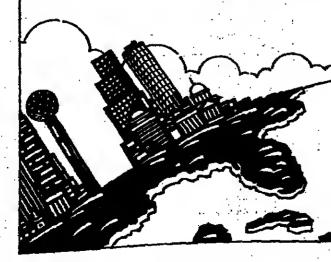
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Payment will be made upon surrender of Notes together with all coupons maturing after the date fixed for redemption, at the offices of the Paying Agents as shown on the Notes. Coupons maturing on May 28, 1986 should be detached and presented for payment in the usual manner. On and after May 28, 1986 interest on the Notes will case Outstanding after May 28, 1986 US\$350,000.000

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Cummins 'sprints' to cut costs

Nick Garnett reports on the US engine maker's programme to hold margins while lowering its costs

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TEAMS OF senior managers in one of the world's most ruth-lessly competitive industries spent valuable time last year in Jamestown, New York, constructing aeroplanes out of paper and metal clips. Under strenuous supervision

similar toy aircraft were being modelled at Charleston. South Carolina, at the village of Shorts ontside Glasgow, Scotland, and at a dozen other locations in the US and UK. Literally thousands of paper aircraft were fashioned and flown across a line drawn 15 ft away from where the managers sat.

The teams from Cummins, the US diesel engine maker, were competing with each other at the company's plants to see how many projectiles they could build. They had a lot of fun doing it But the purpose was entirely serious.

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One of the lessons was to find different ways of looking at their business. The paper aeroplanes were a simple tool to bridge a very wide gap—the gulf that separates Western and Japanese approaches to produc-

Devised by Cummins itself, the exercise tested the managers ability to organise the flow of supplies between the tables carrying the clips and those holding the paper; to allocate lahour to do the wing folding; and to steer clear of penalties hy holding down table stocks of the two materials. A

game might he "workflow."
In the real world, the paper aeroplane exercise is part of an ambidous cost-cutting pro-gramme known throughout the company as the "Thirty Month Sprint."

For this "sprint" period, which is due to finish in December, Cummins head-quarters in Columbus, Indiaoa, set a target of slashing the production costs of all its six families of engines by at least 30 per cent.

Just why this programme is under way is all too ohvious from the introduction to the company's 1985 annual report, published last month. Henry Schacht, Cummins chalrman chief executive. says that after last year's 75 per cent slump in earnings the company's performance over the next 12 months depends as much on its ability to cut costs as

expand sales. In a viciously tough market Cummins has already been forced to drop the price of some of its engines by 40 per cent. "Our cost reduction efforts are critical to achieving target margins at these lower prices," Shacht says.

All round the world, diesel engine makers — including

revered Japanese majors - are slugging it out with each other under the burden of a manufacturing over-capocity of 50 per cent. Slashing costs has become part of a never-ending conveyor belt of change that places Cummins in the same position as all the world's big metal benders. Those that fail to meet the pace risk falling by the wayside.

Perkins, the Massey Ferguson subsidiary whose worldwide en-gine output is about three times that of Cummins, has raised the productivity of its site at Peterborough in England — the world's biggest diesel plant—hy 30 per cent over four years. It has spent 550m on factory modernisation there since 1980. and already has plans to outlay

For Cummins, the squeeze is especially severe, since it has heen traditionally locked into the bigb horsepower end of the business, which is at hest static. Though it has been trying to hreak out of this corner with the help of a hig research and development budget-which has steadily risen, to \$116m last year—there has been no escaping the merciless pressures on production costs.

The company estimates that worldwide plant productivity has already risen by a third since 1982, a hattery of measures which include investment in automated production get up to 25 per ceot and say

WITH A worldwide manufac-

turing capacity of 9m diesels a year, but demand rising

only slowly from about 6m, most engine makers have had

a rough time of it in recent years. With its focus on the

high horsepower end of the market—heavy US trucks accounted for more than half

of the 130,000 engines the company built last year— Cummins has taken the prob-

lems of truck over-capacity on

the chin, along with the cor-

porate disasters of the past six

years in construction and

Cummins' turnover last year was down to \$2.15bn, from \$2.3bn in 1984 and its pre-tax

agricultural equipment.

200 160 **Net Earnings** 120 -80

Cummins has been making major production changes to combat stiff competition in a difficult market

84 85

labour; its total labour force has fallen by a fifth to 19,500 since 1980. But the size of the "sprint" target, to he achieved hy the end of 1986, shows that very much more was needed. Though signs are emerging

80

that some Cummins plants have been dropping away from the "sprint" schedule, the com-pany is planning to push way beyond the 30 per cent figure over the next few years. "The 30 per cent itself is not the important thing," says Mike Mitchell, director for UK manu-facturing. "The real issue is to get a focus on something, something different. You could

earnings slumped by three-quarters to \$61m. The heavy truck business in the US took

another downturn towards the

end of last year and the com-pany is predicting that all its

traditional major markets will

be flat this year. Cummins has also suffered

from some of the industry's

structural changes. As an independent engine supplier

It tries to act as the engine division of the truck and con-

struction and agricultural equipment maker it supplies.

In Europe, in particular in the UK, bowever, non-inte-grated truck builders have taken a heating from inte-

machinery and a reduction in well I've nearly made it, then agers have been scouring the To meet its new objectives, other Japanese producers since Cummins has had to jump through hoops to acquire Japanese the early 1980s. Among many other things, they have learned anese-style methods of materials and prove their understanding erials handling and production and control of workflow, to in-design. crease the efficiency of mat-

> For the past 25 years it has had a licensing agreement with Komatsu, the Japanese construction equipment maker, which produced the paper aero-whose diesel engine husiness it planes as a study method. Hence helped establish. Now the too the classroom "card sys-teacher has turned to the pupil tem," logging on paper the step for lessons—not in how to de-sign engines, but on how to lower production costs.
>
> by step process of ordering a component, from the first tele-phone call to an outside sup-

their own engines, like Mercedes and Volvo, Scania, Iveco and Daf.

In the US three domestic truck makers, White, Freight-liner and Mack, have been taken over by European inte-grated truck makers offering

or testing their own engines in these trucks.

Cummins' home base is also under attack from the Japanese. Companies like Nissan, Toyota and Isuzu have been carving up the

With the slogan "cost, quality and delivery" Cammins has been fighting back. It introduced three new

US market.

erials handling, and to use flexible manufacturing systems.

It was the Japanese example As part of the programmes plier, to the point at which it that were eventually funnelled is installed on an engine.

One set of actions for one

engines in as many years during the late 1970s and early 1980s.

The company is also making a higger effort to sell its engines for military and construction applications and, like other engine builders, is trying to improve its market share in industrial uses like power generation.

Cummins has also been moving further into enginerelated products and services by acquiring such companies as Hoiset, a turbecharger maker, and—in a deal announced last week—Self-Changing Gears, a subsidiary of the troubled BL offshoot Leyland Vehicles.

piece of material required 70 cards, when it could theoretically be reduced to four. "So you've got to get down to that, whether it takes you two months, three months or 10 years." Mitchell says.

Cummins factory at Shorts, which produces 10 to 14 litre engines, reflects many of the changes sweeping through the company's plants. Rebuilt in the late 1970s and early 1980s, it has always demon-strated that Cummins is a company that thinks very hard about the way it does things. In line with company policy it was designed by an architect. The car parks were located so that all staff walk to their openplan offices through manufactur-ing areas. Windows have also been cut into the wall of the canteen where everyone eats so

that they can see the shop floor. Yet despite the careful thought that went into the plant, its equipment and layout were already slipping out of date when it was redesigned. As one measure of the changes started under "sprint," Shotts' inventory level of 50 days two years ago was reduced to 29 last year (equivalent to £11m of materials). It is expected to be lowered to 17 days this year, with an ultimate target of 10

days.
As part of this drive, the plant's central stores are being with the intention hroken apart, with the intention of bringing components straight on to the line on the "ship to use" principle. And Cummins has become much stricter with its component suppliers, not only on quality but also on delivery times.

Apart from the benefits of FMS itself—such as a ninefold reduction in machine setting-up times—flexible manufacturing acts as a focus for inventory control and more efficient work-

"What we have to have is a pulse," says Mitchell. "If you want 10 of something every day, you don't produce eight on one day and 12 the next." This concept, long seen as

crucial in Japanese manufac-turing, has been given added impetus hy last year's funda-mental redesign of the Shotts shopfloor organisation, which it was split into separate businesses; machine shop flow-line; the rest of the machine shop; assembly work; and final

test and fitting.
Reinforcing all the changes at Shotts is a very much fuller flow of information. Middle managers and shop stewards sit together every month to be addressed by senior managers, not only about production but also about market trends and the activities of competitors.

"People used just to come in to do a day's work and then leave," says Mitchell. days are finished."

Qualifications

National standards for UK proposed

organisations setting standards and handing out certificates. Some 250 professional bodies, 120 industry training organi-sations and 85 joint industry councils are involved in the task - all in addition to the 12 main vocational examining and validating bodies like the Business and Technician Education Council, the City, and Guilds of London Institute, the Royal Society of Arts and Pitman's Examinations Insti-

The number of organisations active in the field will almost certainly go down — and, it is to be hoped, the value of vocational qualifications will go up—as a result of a report now being considered by the Gov-

It is proposed that there should be a new National Vocational Qualification, with five levels covering all grades of training and examinations of training and examinations up to professional qualifications. Existing examining bodies like BTEC and RSA would continue to operate independently. But their courses would be validated by a new National Council for Vocational Qualifications, with their certificates all carrying

fication logo. The end product would be akin to the General Certificate

the National Vocational Quali-

Services Commission working tional Qualification.

party who produced the report studied vocational qualifications in Sweden, France, West Germany, the Netherlands, the means that schools are now US and Japan as part of their increasingly offering qualifications like BTEC and City and different systems, these countries were all found to Another priority of the tend towards state regulation of national council, alongside the

In Britain by comparison—
although some examining
bodies are highly regarded
internationally and market
their qualifications overseas—
there is far less of a defined The EEC is currently moving

FOR A nation whose workforce and management tend to be on the under-qualified side, Britain bas a remarkable number of structure envisaged in the community.

structure envisaged in the report would be compatible with these developments. In order to test whether the introduction of a more orderly framework of qualifications would win acceptance in British industry, the working group carried out case studies in three sectors—hotel and catering, resectors—hotel and catering, re-tail distribution and motor vehicle repair and maintenance. The three sectors differ con-siderably in their approaches to training. Hotel and catering has a statutory training board which works closely with the industry's management association and the City and Guilds of

London Institute in a highly structured system. In retail distribution, by comparison, the working group found "limited take-up of courses offered by further education, no industry training board and an expension." training board and no generally accepted structure of training throughout the industry." Motor repair differed again by having a new modular approach to training several examining bodies and joint industry board operating a craft apprentice award scheme.

If, as is probable, the report is accepted by the Government, it may well have consequences beyond the introduction of a more coherent structure of vocational qualifications. One of the first tasks of the proposed national council would be to akin to the General Certificate begin talks with the Secondary of Education system, where a Examinations Council — which number of examining boards runs GCE, CSE and the forthoperate within a common coming GCSE—about possible framework and set of standards. links between the GCE system Members of the Manpower and the new National Voca-

standards — with industry MSC, will be to establish a actively involved in setting the structure of new industry MSC, will be to establish a standards—and clear routes bodies to set standards of from school through vocational achievement for vocational education and training into qualifications.

This promises to give industrialists a real opportunity to help determine the content of training and could proyoke the internationally and market their qualifications overseas—industry organises training there is far less of a defined structure to vocational training most of the statutory training and qualifications.

The FEC to the statutory training boards.

Alan Pike

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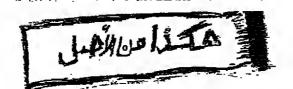
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TRADIFIONAL life companies received on selling a particular assemble today for what is contract and the financial almost certain to be one of the penalty for cashing in early most eventful monthly meet. These amendments were only most eventful monthly meet-ings of the Life Insurance ings of the Life Insurance withdrawn on assurances from Council of the Association of Mr Michael Howard, Minister British Insurers for many years. Since the previous monthly Affairs, that the matter would meeting the problems of one of its members, United Kingdom Provident Institution, have week with a set of detailed prosent shockwaves through the possils on disclosure. These intraditional life assurance see ciuded: sent shockwaves through the traditional life assurance sec-

On top of this, the Market psyments, not only to revealing of Investments Board any bias between life companies Organising Committee, which handles the marketing aspects of financial services, has issued its latest set of proposals, which are on disclosure requirements by companies to investors.

These properties will be anywhere of commission payments between life commission properties.

the DTI returns

The DTI uniturn the Dank is bank in the counts of the counts of the counts of the counts which a pank is bank is bank is bank in the amount of the decisions of the country in which it operates have here the charges are specific though some the decisions of the country in which it operates have here the charges are specific though some the decis

companies providing such infor-mation in a standard form that life intermediaries could readily

Apparently, the information given in company accounts and the Department of Trade and Industry returns are too com-plex for intermediaries to under-

However, life companies, also face problems with the way the Financial Services Bill is

The theme of the bill is the fuller disclosure of information

Intermediaries are now seeking from life companies details of financial security

on capital before and after infation.

Mr. Weinberg stated that
to prospective investors so that
they can make informed judge
ments over what they are
buying and a valid comparison
with other forms of investment.
The argument is over how much
to disclose.

Life companies have argued
Life companies have argued
that providing a large amount.

that providing a large amount ance company legislation—not of information will add to their a solution that would commend costs, which the consumer pays tiself to Mr Butterfill.

for, without providing any material benefit.

MPs on the Standing Committee passed amendments that would have required life companies to make full disclosure an commissions charges and on commissions, charges and surrender and early-cash-in values. The apparent aim was down amendments at for investors to see how much of their premiums were invested, how much the salesman port from the Lords.

the state of the s

security. If nothing eless were happen thank the commission paying, the LIC would have to ment. The Miboc document was companies providing such information of member companies providing such information. with-profit business.

However Mr Butterfill is quite definite on the subject.

while he generally welcomes the Miboc proposals as a step in the direction of the proposed amendments, they fall short in respect of with profit contracts. As they stand they would put with profit husiness

would put with-profit husiness at a competitive advantage with unit-linked business.

He feels that at present investors offered with-profit contracts are buying a "pig in a poke"—a view reinforced by the UK Provident problems. He feels these companies should provide at least a breakdown of past costs and investment performance, including a return performance, including a return on capital before and after infla-

Anyway the ball is in the court of Miboc and the life assurance industry—the LIC was not prepared to comment ahead of today's meeting. How ever Mr Butterfill warps that if Miboc does not come up with acceptable proposals he will put down amendments at the Report Stage of the Financial Services Bill and if necessary seek sup-

of documents within the jurisdiction of foreign courts has caused trouble recently. The US Supreme Court-after washing its hands of the issue on several earlier occasions --agreed at last to say what, if any, the limits are, to such extraterritorial orders delying the Hague Evidence Convention. The court decided on April 21 to review the decision of the

review the decision of the Rederal Court of Appeals for the Fifth Circuit, which held in Messerschmitt Bolkow Blokm, GMbH v Walker that when they have personal furis-diction over the defendant, US courts need not use the pro-cedure provided by the Convention and can compel pre-trial discovery of documents held abroad directly, without going through foreign courts. This issue has created much

THE US courts' habit of making in the case of Chase Manhatian, comply, arguing that by failing cases when defendants insisted cases when such jurisdiction case, the interests of the US direct orders for the disclosure and in the UK by Mr Justice to follow the procedure pre- on the use of its procedure does not exist would render and of the foreign state have of documents within the juris. Leggat in XAG v A bonk (1983, scribed by the Hague Conventance in the US courts only in the Convention meaningless. to be carefully balanced. 2 ALL ER 464).

Unlike the Hong Kong court, the English court did not reject the US order for discovery of documents absolutely, because it infringes the UK sovereignty, but on the balance of convenience. It reasoned that the US District Court which ordered the discovery was unlikely to go shead with contempt proceedings against that bank if that bank were prohibited from complying with the order by en English court.

Result

Such conditional rejection of the extraterritorial discovery order shifts the onus back to order smitts the onus back to the US, suggesting that it could have its way if it decided to penalise the bank. For this reason, the result of the Supreme Court's review of the decision in Messerschmitt may be of even greater importance for the UK than for Germany, which is directly involved. Messerschmitt's products in-Messerschmitt's products in-clinde helicopters. One of these crashed in .Texas, Tho. bene-ficiaries of the three accident victims sued Messerschmitt and its US distributor, MBB Heli-copter Corporation.

Messerschmitt's counsel was directly served with \$2 requests for production of evidence, much of which required produc-

much of which required produc-tion of documents in Germany. Messerschmitt refused to

tion, the requests sought to violate German sovereignty.

This argument was rejected by the District Court in Dallas, whose decision was confirmed by the Federal Court of Appeals for the Fifth Circuit.

The Hague Convention was designed to evold conflict between countries with differ-ing rules on evidence in civil litigation. The difference is particularly great between common is managed by attorneys, and civil law countries where judges decide what evidence may or should be produced. There is also a substantial difference between the US and

most other countries in that the US courts are willing to compel pre-trial discovery of documents which are only vaguely defined, held by third parties and of uncertain rele-vance to the dispute. Often such documents are requested by US plaintiffs in order to find somo cause of action still undefined at the time of the request.

Most other countries, includ-ing the UK and Germany, are ing the UK and Germany, are strongly opposed to such "fish-ing expeditions." For this reason, the Hague Coovention provides that requests for documentary evidence from abroad should be addressed to the court within whose jurisdic-tion they lie tion they lie.

Though the US ratified the Convention in 1972, the first

1981 and 1982. Since then the number of such cases has rapidly increased. About 1,500 such cases are pending and at least 27 have already been decided.

The decisions of the courts are not uniform, though most seem to insist that there is no ohigation to use only the pro-cedure provided by the Convention and that the US court can compel the defendant over whom it has personal jurisdiction—as in the casa of Messerschmitt, which has o US subsidiary—to bring the docu-ments to the US and make them

available to the other party. The courts argue that as the documents are brought first to the US, their order does not re-present any interference with the judicial sovereignty of another state.

Violation

These arguments were re-peated in the Appeal Court decision in the Messerschmitt case. Messerschmitt's request case. Messerschmitt's request are virtually unanimous, states for judicial review is supported by the German Government, is not exclusive.

which argues that the vast majority of requests for the vast majority of requests for the that international comity production of documents located in Germany is made to parties subject to an American court's in personam jurisdiction.

does not exist would render and of the foreign state have the Convention meaningless, to be carefully balanced. This was not contemplated by The US Government conthe parties to the Convention, eludes that as the convention says the German Government.

The Federal Republic of refuse pre-trial discovery of

Germany also considers it a violation of its sovereignty when a foreign court uses the threat of sanctions to force a person discovery. The German Government's

arguments are opposed in an omiscus curiue brief presented hy the Department of Justice and the Department of State for the US Government. They insist that the history of the conventhat the history of the conven-tion reveals no intention of prohibiting the accepted prac-rice of conducting extra-territorial discovery according to US Federal and State rules. American courts may exercise jurisdiction over a foreign party if its US contests are sufficient

if its US cootacts are sufficient to make it reasonable and just, and though they may use the procedure prescribed by the coovention, they may also make direct orders. The US courts are virtually unanimous, states

Limiting its application to can be no fixed rules; in each

The US Covernment condocuments, it cannot be accepted as the exclusive means of obtaining evidence abroad; if it were, foreign authorities could wore, foreign authorities could become final arbiters of discovery disputes in American proceedings so displacing the authority of US courts to proceedings so displacing the authority of US courts to employ traditional devices provided by Federal and State Court rules.

Decision

The conflicting views could not be stated more sharply. The resolution of this important conflict is now in the hands of the Supreme Court. Its decision wilt also indicate what impor-tance one should attach to the Administration's recent legistation proposals simed at reduc-ing jurisdictional conflicts of the Laker type.

If the Supreme Court condirect orders. The US cours are virtually unanimous, states the hrief, that the convention is not exclusive.

The US Government admits

The US Government admits

The US Government admits are the lower court's attitudo, the proposed legislation, if passed by Congress, will have little beneficial effect.

No 85-99 (petition for certiorari granted on application by Wilmer, Cutler & Pickering, ottornies for Messerschmitt Bolkow Blohm GMbH).

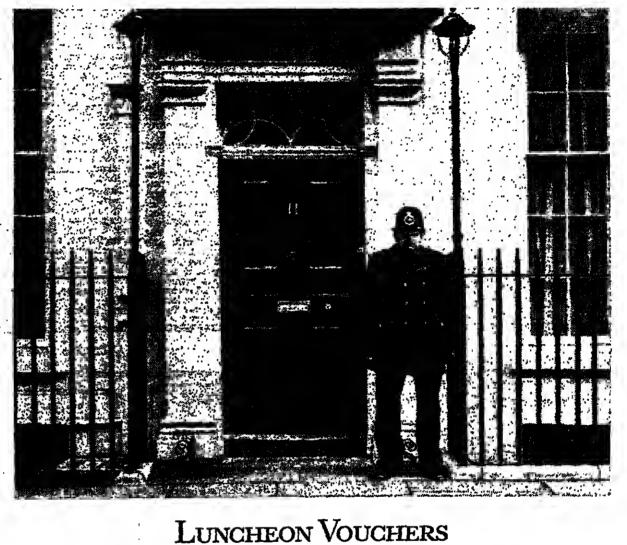
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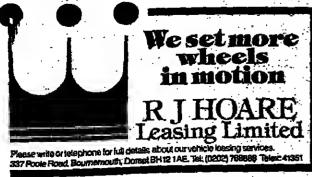
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Mr dra

жде

EARLIER this month the Welsh Development Agency serited a select audience of bankers, brokers and investment managers to the hirth of the Cardiff Coosortium a new venture fund aimed primarily at providing money for Welsh companies and developing the Welsh capital into a serious

TAINED HELLINGSVENTER E. T.

Welsh capital into a serious financial rentre.
Formed by the agency itself and five City of London venture capital funds, the consortium is just the latest example of the WDA's more commercial approach to economic development.

ment.
"It's a one-stop shop for entrepreneurs in need of equity finance," claims Mr. David Waterstone, the WDA's chief executive. It is the first readyexecutive. It is the first ready-made syndicate in the venture capital industry."

This involvement with the

world of private sector finance has become the touchstone for many of the WDA's activities and is mirrored north of the border by its counterpart in Glasgow, the Scottish Develop-

ment Agency.

Both are just 10 years old. both were children of the Labour Party's thinking in the 1970s and both under private leadership bave had to come to terms with Mrs Thatcher's economic philosophy in the

We are here to create prosperity," says Mr Watersone, not jobs. If jobs come, so much the better. But healthy and permanent jobs only come from healthy and permanent companies and we are seeking to create the conditions in which healthy and permanent

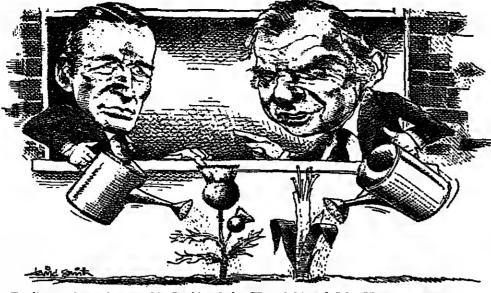
chariman, emphasises the point. We now realise that you cannot solve the problems of the economy by throwing money at

the SDA chairman observes: "We should not be seen as the prime mover in business. Our role is that of pump orimer, not major investor. We are a

Such comments reflect the change of thinking since the heady days of 1976, when a more direct form of intervention was very much the political

Mr Willie Ross, then Secretary for Scotland, said the SDA had to "involve itself directly in industry." It was expected to "regenerate" the economy. The work facing both agencies on inception was daunting. Wales and Scotland were still dominated by heavy industries: steel, coal, railways and the docks, with Scotland additionally dependent on shiphullding and heavy engineering.

unemployment and social deprivation were higher far less relevant now.



Tending their gardens: Robin Duthie of the SDA (left) and John Williams of the WDA.

Development agencies

Pump-priming is now the name of the game

By Anthony Moreton

urban dereliction, to take equity shares in companies and to attract footloose international

This approach disappeared In Scotland, Mr Robin Duthie, with the arrival of the Conservative Government in 1979. The town hall politicians and union leaders who called the shots

> the work started in Glasgow's thing, depressed East End by undertaking urban renewal projects we hav in Leith, Dundee and Inver-

ever, far more important now. Mr Edward Cunningham, the one of the few senior executives to have been with either agency from the heginning, says the SDA set out to create a new image for Scotland. But he confirms that the original aims are

ompanies can operate."

Mr John Williams, the WDA's environment through clearing look for sensible solutions to Scotland's problems.

"We came to realise quickly that our primary function was economic, not social. It was to rebuild the economy, not just provide jobs. We now believe the aim should be to make the economy dynamic and vital, to help the creation of wealth in

were replaced up industry.

Not all the original aims disappeared. The WDA still that "Scotland has to be economically successful if the social problems are to be cured." But we cannot do everything. We have to limit our ambitions and try to do what

we have chosen to do very well." Unlike the WDA, Mr Cunningham believes the SDA's role as an investment bank has become less important. The agency has pinpointed areas. as offshore technology. health care, food processing and to concentrate its resources. It helieves the emphasis is on in-

Wales, according to Mr on average thao aywhere in the UK outside Northern Ireland. The agencies were therefore told to accelerate their advance factory building programmes to create jobs, to improve the continues and we had to the primary air. Is the board's role remains to where even the West Midlands agencies. The board's role remains to where even the West Midlands alleviate unemployment at the problem, the De Lorean car to create husinesses to absorb it. There is a scarce pool of in-recipient. It is a direct arm of Duthle's divine intervention.

ward investment now and our firms to emerge."

The Cardiff Consortium is only one, if a major, way of doing this. The agency also has a programme of taking husiness eppreciation to the schools and

The Welsh, unlike the Scots, do not generally take kindly to business, beve fewer entrepreneurs, and prefer to send their sons and daughters in pursuit of socially acceptable pro-fessions, especially teaching.

"All this bas to end," says Mr Williams. "If it is to end we have to capture the imagination of young people early on and get them to see that husiness can be interesting and rewarding."

agency in the UK, the Northern Ireland Industrial Development Board, which is sometimes overlooked. The problems of Ulster—not just the political ones—have dictated a different dustries for the future, rather approach so the board is not than those of the past. strictly comparable with the two mainland agencies.

The board's role remains to alleviate unemployment and it continues to throw money at

of the highly active and pub-licity conscious Industrial Development Authority (IDA) South of the border, with which it inevitably competes for internationally mobile inward investment.
The Northern Ireland govern

result is that senior posts rotate quickly—it has six directors and there have been at least as many changes in a relatively short period—and the decision making process tends to be cumbersome.

Both the SDA and the WDA have burned their fingers over some investments. Seven figure sums have bad to be written off In Scotland with Gombs Stone-field, the company intended to build four-wheel vehicles, and in Wales with P. Leiner, a leadiog gelatine manufacturer Parrott, maoufacturer of floppy discs, and most recently, Berlei.

After the Leiner fiasco, the WDA instituted new investment

The new approach by the SDA and the WDA, by contrast, could be a role model for any English agency which might emerge in the future. The Conservative party is now seriously considering incloding a promise in its next election manifesto to set up agencies for the North East, the North West and Devon and Cornwall, possibly even for the West Midlands.

Mr Norman Tebbit, party chairman, is said to be keen on the idea, elthough as Secretary for Trade and Industry, and so responsible for regional policy, he displayed no interest at all in the creation of English ageocies and precious little in regional policy.

Mr Tebbit, however, would no donht approve of the sentiment of Mr Dutble, who says that "the SDA, like God, helps those who belp themselves."

Ten years ago there was conwhether the agencies could do what they were asked to under-take. "That was understand-able," says Mr Cunningbam, "since we had been asked to do the wrong things. Now we are doing the right things and the credibility gap has been

"The challenge now is to get hoth Scotland and Wales moving fast ecough to catch up conomically with the rest of Britain."

The gap between the two countries and England has, in fact, narrowed—but for the wrong reasons. As the Welsh and Scottish economies have strengthened, parts of England have slipped back, to the point where even the West Midlands can be portrayed as a depressed

Insolvency in Britain

How directors may be caught by the Act

By Alice Rawsthorn

THE CONFEDERATION of Smith, a partner in account amended in try to take account. British Industry suspected it ants, Peat Marwick Mitchell. would " penalise manifestly honest and competent direction bility is placed on the office have previously had no need tors," the British Venture Capibolder, but by setting up its for sophisticated financial skills tal Association claimed it disqualification unit the DTI—but the wording of the would "stifle the growth of has shown that it is prepared amendment is thought to be honest and competent direc- bility is placed on the office would "stifle the growth of has shown that it is prepared entrepreneurial industry," while the National Consumer Council warned that it would "catch nobody at the right time and everybody when it was too

After nine years of drafting, redrafting and a parliamentary career which embraced no fewer than 1200 amendments the Insolvency Act came into force last October.

The two most contentious provisions of the Act. on the disqualification and personal liability of the directors of insolvent companies, come into effect today.

The Government embarked upon the Leviathan process of overhauling the law on insolvency with the epparently innocuous objective of penalising unfit directors and of preventing companies from continuing to trade when insolvency was inevitable.

Unfortunately, hitting upon a formula for punishing unfit and incompetent directors, without penalising the innocent, proved much more diffi-cult than the Government had anticipated.

None the less, for all the lobbying and counter-lobbying during its revision, the pro-visions for disqualifying unfit directors have met with general approval.

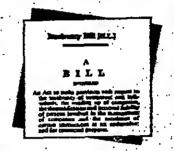
Under the new legislation, when a company becomes in-solvent the "office holder" generally the voluntary liqui-dator or administrative receiver-must scrutinise the conduct of its directors in the three years before insolvency.

Should the directors' conduct be deemed to be improper, a report will be submitted in the Department of Trade and Industry. The case will then be referred to court, which will decide whether a disqualifica-tion order should be taken out. "After all the fuss the Act has produced a sensible and workable procedure for prac-titioners to follow," says Roger

"A great deal of responsi-

in give us the administrative support we need." The provisions on the personal liability of the directors. of insolvent companies have, however, turned nut to be much more contentions.

This part of the Act has been devised to ensure that directors take prompt action to minimise losses to creditors once the failure of the company seems



unavoidable. Under section 15, directors mey be held to be personally liable if the court helieves that they knew, or onght to have known, prior to the winding-up of the company, prospect of averting insolvency.

The problem here is one of interpretation. "How will the court decide when the directors should have known that the company would have to go into a parmer in Ernst and Whinney.

"There is a tendency in Parliament to assume that at some moment in time—at 3.20 on Tuesday afternoon — the In practice, things just aren't as clear-cut."

by virtue of their function, cannot be expected to have access to detailed financial inthe inexperienced directors of relatively small companies who

open in misinterpretation, The Bill was also amended to make provision for non-executive directors who may be able in identify problems but, through no fault of their own, are unable to rectify them. wever, there are impering:

doubts about this amendment. The position of banks and of "company doctors"—new man-agement teams which are drafted in at the last minute to cope with the problems caused by the nid regime is also

"When the Act was drafted there was no intention of penal-izing those who act housely and properly in the best in terests of their company and its

creditors," says Roger Smith. For these directors the best defence is efficiency. They will have to keep better records of the company's affairs, to take a more objective view of its pros-pects and to have a finer appreciation of what continuing trade will imply."

There is, nowever, a danger that directors will be so con-cerned about the risk of incurring personal liability under the new legislation that they will be inhibited in their attempts to salvage the com

"Directors don't know ennugh about the new legislation and are likely to be over-cautions in their epproach to it," says Stephen Adamson, a senior partner in Arthur Young.

"When a company runs into problems there is a chance that the directors will panic and take a premature decision to put it into liquidation, when it might bave scraped through."

Eventually all these areas of There is also concern that case law which will indicate directors of the company who, bow the courts intend to interpret and thus implement the insolvency Act. "But building up case law

formation or to exert influence is a very very lengthy process."

over the company's finances, says Adamson. In the meanwill be penalised unfairly.

time we all face months, even. The Insolvency Bill was years, of uncertainty."

Contracts and Tenders

SOKOTO AGRICULTURAL AND RURAL DEVELOPMENT AUTHORITY Date of Issuepon of Implanon April 33, 1966 Classing Date of the 1000 hours on July 15, 1966 Lean No : \$185 UNI

SARDA now makes scaled that from eligible bidders from World Bank (Switzerland and Tawan for the supply of

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1	•	Mineel Ingolesciaper 330 NPTS40-Wilgowork shift saffining uning, buds et capacity 11 m3 struck 17 m3 tecaped all approx.	lunts	Jwitten 120 days of recept of under
	1	Motor graders 135HP1101FW) approx.~ hydraulic side shift underslung scanner	4	4 within 1,50 days at receipt of order
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ν	7	Pick-up - 4 wheel drive - long wheel base - T tonne capeany 2200cc (mm.), diesel engine	10	10 within 125 days of receipt of order
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Federal Agricultural Recruitment Agency (FAFIA)
 Tover Street
 London W1X 3PA
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 Telev: 296298

ime and place for submission of bids: 8lds will be received only until 10,00 a.m. ocal time) on July 30, 1996 at the following address: The Programme Manager
Sokoto Agricultural and Rural Development Authority
PMB 2245
SAROA Headquarters
Abdullahi Fodus Road
Sokoto, Nigena

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The Board of Oirectors of the Trust Mastschappi; Cursoso 1 2.V. (formerly N.V.) at Amsterdam will convene an extraordinary message of their holders of certificates in the Industrials Course Club. 12m 27.

To be entitled to attend this measing, holders of certificates are required to deposit their warrants of certificates by May 7th, 1986, with Bask Mees an Hope NV_Ameterdam.

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15, 1986 to October 14, 1986, the rate of interest has been fixed at 6 J5/16 % P.A. The interest due on October 15, 1986 against coupon nr 3 will be \$ US 352.66

and has been computed on the actual number of days

For the six months, April

clapsed (183) divided ъу 360. THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE 15, Avenue Emile Reuter

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CENTRAL-EUROPEAN INTERNATIONAL BANK LTD \$ US 30.000,000 FLOATING RATE **NOTES DUE 1996**

For the six months, April 15, 1986 to October 14. 1986, the rate of interest has been fixed at 7 1/16 % P.A.

The interest due on October 15, 1986 against coupon nr 1 will be \$ US 3,590,10 and has been computed on the actual number of days elapsed (183) divided by 360.

THE PRINCIPAL **PAYING AGENT** SOCIETE GENERALE ALSACIENNE DE BANQUE 15, Avenue Emile Reuter LUXEMBOURG

IU INTERNATIONAL CAPITAL IU INTERNATIONAL CAPITAL CORPORATION N.V.

US\$35,000,000 RETRACTABLE FLOATING BATE NOTES OUE 1992 NOTICE IS HERESY GIVEN that for the Anigreat Period commencing 24th April 1986 the Notes will bear interest at the rate of 7½% per angular. The interest system in 29th 1917 1986 painst. Coupon No. 7 will be US\$18.003472 per US\$18.000 Note. Agent Bank, Otion Royal Earlk Ltd.

SOCIETES DE DEVELOPPEMENT REGIONAL EMPRUNT GROUPE DE 30.000.000 D'ECU 14% 1982-1992

We inform the bondholders that the redemption instalment of ECU 3.750.000.-, nominal due on June 1, 1986 has been satisfied by a drawing on April 4, 1986, in Luxembourg, in the presence of an Huissier.

The bonds will be reimbursed at par on Jone 1, 1986, coupon due on June 1, 1987 and following attached, according to the modalities of payment on the bonds.

> The numbers of such drawn bonds are as follows: 24.190 to 27.939

The following bonds previously called for redemption have not yet been presented for payment:

9620	9878 - 9880	9899 - 9945	G000 10004
10015 - 10036	10045 - 10049		9998 - 10004 10179 - 10187
10190	10195 - 10204	10226 - 10230	101/9 - 1018/
10282 - 10294	10333 - 10353	10357 - 10365	10241 - 10244
10373 - 10394	10399 - 10414	10421 - 10430	10367 - 10371
10463 - 10470	10476 - 10497	10504 - 10529	TO 100 - TO 100
10563	10634 - 10635	10639 - 10640	10540 - 10549
10680 - 10684	10695 - 10704	10721 - 10722	10644 - 10646
10764 - 10772	10777 - 10809 :	10832 - 10854	10737 - 10758
10902 - 10916	11014	11023 - 11032	10880 - 10885
11046 - 11053	11086 - 11087	11111 - 11112	11040 - 11043
11179 - 11180	11183 - 11185	11111 - 11116,	
11266 - 11288	11294 - 11316	I1197 - 11216	11239 - 11244
11454 - 11469	11472 - 11478	11321 - 11324	11331 - 11333
11613	11660 - 11661	11539 - 11540	11609 - 11611
11712 - 11723	11728 - 11743	11678 - 11680 11750	11708 - 11710
11769 - 11774	11915 - 11934	11/30	11754 - 11762
12007 - 12016	12019 - 12021	11986 - 11990	11995 - 11996
12162 - 12168	12171 - 12172	12118 - 12122	. 12140 - 12147
12221 - 12226	12243 - 12257	12181 - 12183	12207 - 12208
12835 - 12871	12988 - 12989	12340 - 12341	12350
13148 - 13153	13156 - 13160	13046 - 13047 -	13106 - 13115
	TO 100	13166 - 13168	

13156 - 13160 Amount outstanding after June 1, 1986: ECU 22,500,000,-

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Busoni's Dr Faust/Coliseum

Magical treatment enhances a visionary vehicle

The first thing to be said about the English National Opera revival of Dector Foust is that for music-lovers it is unmissable, and even for opera-lovers. Though Busoni is famous chiefly for being an Interesting Figure igreat planist, high-minded theorist. composers. Doctor Faust—intended as his magnum opus, but left unfinished like Schoenberg's a doenly Moses und Aron-is a deeply interesting piece, and the ENO has done it proud.

The second thing to say is that this is not only a recival, but an extended re-creation by Antony Beaumons, who has been delving in the Busoni Nachlass; and the third is that though Busoni's "advanced" intensions resulted in some-thing which is barely an opera at all, the producer Darid Pountney has manhandled it with such devoted ingenunity that it looks like one. In fact it makes enough of an

opera that sober voices will be heard condemoing Pountney for having gooe over the top, externalised outrageousty, outrageousty, loaded the opera with showy effects etc.—just as if the piece could stand dramatically oo its own feet. That, I am sure, it can't; between a bold re-invention like Pountney's and a plain concert performance (which would allow devotees to able and ineffably stupid). imagine as vaguely as Busoni did how it might go on stage). imagine as vaguely as Busoni Busoni's is just as impractic-did how it might go on stage), able, imagined in terms of there is no middle ground. As stage-pictures for an audience he worked interminably at Doctor Faustus, Busoni played programme notes, and will diswith the idea of a puppetstaging (much in vogue: think of the postwar Falla, Milhaud, Stravinsky), but that would have been an aesthetic in his four-hour work should apology for a would-be opera come,) that is at once epically earnest and theatrically bald, arbitrary

A idea of what it would be like to have unlimited intellectual power at one's command



Graham Clark (left) as Mephisto and Thomas Allen who sings the role of Faust

Foustus, as well as Goethe's, and the unstageably brilliant Berlioz (Domnation de Faust which has piously studied the cuss the meaning of this and that during the intervals. tTypically, Busoni never de-cided just whete the intervals

Elevated ideas teem, but Busoni's puppet-action is merely In a small-house production his simple terms could be observed, leaving a sympatoetic audience to work out the

animates the original Marlowe message; for a large house a to speak for itself. Founties, as well as Goethe's. Pountiney is needed, to match and the unstageably brilliant the grand reach of the music Allen's Faust was with some theatrical point. The music is rich and strange

but friendly. Like his pupil Percy Grainger. Busoni attached a sacred importance to carrying the torch of new music—but neither of them was sure how it should sound. In Busoni's case, we get loosely tonal, ruminative music that embraces Porsifol at one end (touchingly combined with Triston in the prejude to the Finale) and an idiom like young Hindemith's at the other. If one of it is decisively original, it is patently personal and heartfelt-especially with Faust's dislilusioned twilight, so ripe and uneventful that Pountney has to leave it

are memorable, hallucinatory By then on Friday, Thomas and apt, atthough—or because Allen's Faust was tiring (the —he jettisons most of Busoni's last act makes unrealistic vocal ideas for tableaux rireats. They demonds), but he preserved the patrician tone and the mature run a gamut from mocking magic-tricks to real stageacuteness that stamped his whote role. It is marvellous magic: I cannot say more with-out spoiling the best effects, work, and so is Graham Clark's as his Mephisto, first revealed which owe as much to the tech-nological triumphs of Stefanos as a viper-twin in Faust's bosom Lazaridis' designs as to Pountand then running through a string of suggestive guises. ney's guiding plan—indeed, those are probably indistin-guishable. What we have is a Again and again, where Busoni produced only music that answered in a general sort of way to his conception of a scene (often he adapted quite separate earlier pieces for use densely musical score, ab-stractly linked with Busoni's lofty dramatic intentioos, and anchored brilliantly by the Pountney-Lazaridis visualisa-

in Doctor Foust). Pountney devises a sensational focus for tions, Mark Elder conducts (Beaumont takes over from May 15) with alert sympathy. Where Most of Pountney's inventions

temporary Italianate effusion he is perhaps a trifle restrained, but he marks all the marks rurns in this hyper-intelligent score. Towards the end, where Busoni — or his posthumous helpers — goes over to pure Messsage (the future is our only hope), he ensures that the essentially symphonic music

On Busoni's eccentric plan, The couple is discovered of Faust's sole erotic interest is a Wirral cliftop the morning the Duchess of Parma Estene after the night before. If E. A. Whitbead had written it, the would no doubt be called with a richly seductive account of her one scena (and a '30ssexy version of the Helen of Troy vision, which Pountney makes a plausible part of Faust's basic obsession). John Conneil lends a velvety bass to Faust's renegade student Wagner as well as to smaller roles, and Henry Newman again with a multiple assign-ment—offers a stark, bitter sketch of Gretchen's vengeful brother. (The Gretchen episode itself is over before Busoni's version begins.) All in all, the Pountney re-

drafting of Busoni's ambitious, imprecise vision strikes me as an honestly exciting vehicle for the visionary music. The note of concern for the fate of the world is never betraved: if it is translated into spectacular visual tricks, those still seem the best way of pinning it

Anything more literally faithful would be more boring too, which would do no justice to Busoni's metaphysically impassioned score. That doesn't deserve to be relegated to rare concert-performance status; I think Pountney's shamelessly flashy treatment is more or less inspired, a dazzling rescue for an all-but-hopeless notion. His alienation-devices sharpen the effect of a fine, impractical European art-music, perhaps.

David Murray

Watching/Bush

Michael Coveney

play would no doubt be called "The Twosome." Instead of colm (Adam Kotz) trains his Everionian appropriate colm (Adam Kotz) trains his whistole a calendar great binoculars on the terns and tits, months. That sort of thingpushy Brenda (Cheryl Maiker). dressed like a punk tangerine dream with black horizontal

Brenda is unemployed, her actors are charmens,

This somewhat strained and Pools whom, Mr. Hitchmough whimsical Scouse two-hander is works into the plot as part of part of the Granada Television the second act bluff and double sponsored Liverpool Playhouse bluff between the couple Maj-season (for latest news of which, colm was born in Slough and colm was born in Slough and season (for latest news of which, see below). Jim Hitchmough's piece takes an askance look at the bindding romance of a selfahsorbed window-dresser and weekend ornithotogist (that's just the chap) with the voracious girl who spotted him in a Friday night pub and is intigued that he is not the machn biker she first suspected.

The couple is discovered on

Brenda is the smart one, o of the smart times, though hy the average Scouse dramatic play would no doubt be called the average Scouse dramatic. "The Twosome." Instead of read sand, though, we have a floor of artificial turf and the twee mobile decoration of half ladden seaguils. While Male color (Adam Kotz) trains his the average Scouse dramatic than the average Scouse dramatic transactions of the average Scouse dramatic transactions of the average Scouse dramatic than the average Scouse dramatic than the average Scouse dramatic than the average Scouse dramatic transactions of the average Scouse dramatic than the average Scouse dramatic transactions of the ave

If the Theatre of Comedy were to dish up this play it stipes, makes impatient small would be rightly howled off the talk before trapping her man in stage. The veneer of Bush/ talk before trapping her man in the camouflaged tent erection. Liverpool Playhouse respectative jokes hereabouts are nearly bility is not enough in disguise as funny as those in an indifferent Ray Cooney comedy. And Tony Multioliand's production, that's a compliment. unseen sister Pamela an un-Maiker a particularly impressive trustworthy gossip at Vernon's and ebuilient newcomer.

Shamrocks & Crocodiles/

Liverpool Playhouse

Martin Hoyle

Coveney mused in these pages on the influence of place and atmosphere on one's reactions to theatre. Cities no less than buildings can bouse bar on a cautiously fine

The Playlouse Studio rounds off a successful season of young writing. presented with Granada Television. Uurselres Alone, already seen at the Royal Court, is due in return to Loudon and tour Ireland. Another young woman writer. Heldl Thomas, is almost too finent. Given that the British thealre is essentially literary. this is a good fault; but Miss Thomas construction is somerambling and her often conscious striving for Fine Writing recalls ber namesake, Dylan (plus the odd, quirky incongruity of an Orton). Despite these faults, the 23-year-old playwright's work is funny, nouching and real.

Some weeks ago. Michael transpires he was driven to spicide by debt when his pro-tection racket failed, Billy Meali's set is dominated by a candle-lit altar.

Flashbacks cut through the wheedle themselves into one's narrative. The children explore affections. To the blase their father's briefcase before Londoner lately Liverpool has one of his trips to Dublin to meant recalcitrant councillors, sell insurance," and find it football violence and a tire full of contraceptives which some harping on the faded they take for religions objects giories of the sixties. A glance bought from the Pope. The at that resilient skyline, reclusive Uncle Brendan bristling defiantly with spires, ("very intellectual and from the rotunda of the Play hygienic"), who is writing a dictionary in his attic, is turned spring evening, and the scepticto when their goldfish Derek
ism and rebellion and gets cancer (in an episode
conscience-clogging claims of that could be a self-contained
frishness. Catholicism and short story). Their Anglican
Merseyside fall logically into
mother is despised ("anyone mother is despised ("anyone would think she was a blood relation"); and Dominic Uncle Frank in the unsavoury family business. Chunks of prinful and per-

ceptive reality may not always knit together, but a real play-wright is at work. The company is lead by Steve McGann (a brother is currently in Lennon: another opens shortly in Liverpool's Scogull). Boney, intense and impassioned, his Dominic is uncomfortably true. Mandle Smith, more muted as his sister. Paul Bradley Virginia Cole and Colum Gallivan complete the cast. The piece breathes the air specific region, speaks with its own rhythmus, which, in our must never be ironed out Christine and Dominic recall Those spires must go on their father, just dead. It standing.

Architecture/Gillian Darley

Seizing the moment to preserve Salt's legacy

The sideboard in the disused directors' dining room at the mill in Saltaire, near Shipley in west Yorkshire, is heavily ornamented with rococo scroils, each surmouoted by a super-cilious llama. Titus Salt in the 1840s had the innovative Id-a of using imported alpaca the wool of the liama) to produce a lustrous cloth of unparalieled

From that single idea sprang an industrial empire which moved to the early 1850s from scattered premises in Bradford Saltaire. Here Salt's philan-thropic and architectural ideas were joined to expediency, since his workforce was to be well housed, healthy and, it was hoped, moral, There was no alcohol since Salt believed "drink and lust are at the bottom of it all."

The focus of the village has always, inevitably, been the mill. Designed by the engineer William Fairbairn, and the architects Lockwood and Maw-son, it was opened in September 1853. A great clift of golden sandstone, it is relieved by rusticated detail at ground level and Italian-style belveders towers to give distinction at roof level. Stretching 550 ft.

Following the mill's closure offer by the owners Illingworth in February, the village of Saltaire now focuses its gaze upon a shell—the kind of scene mill to use. Speed is essential familiar across the north-west (or for that matter, throughout many of the older industrial a few years ago, is ample examples of comparable centres of Europe and North demonstration of the process of schemes, both in Britsin and



Saltaire Mill - opened in 1853, now a shell

America). makes the impact on the com-munity itself no less devastating. These confident, but empty, industrial palaces, are potent symbols of economic decline. This time the intention is

-for the fate of the disintegraling New Mill alongside, closed

That familiarity dereliction in the hands of overseas. From Richmond in impact on the com- vandals and the elements. West Virginia to Huddersfield vandals and the elements.

A project of rehabilitation on such a scale needs exceptional optimism and energy. But the erucial matter—in persuading private investors to step in alongside public funding that of precedent. A recent seminar at the mill, organised jointly by Save Britain's Heritage and the Bradford City
Museums Service, provided
heartening and numerous
examples of comparable

and Halilax in west Yorkshire, similarly daunting buildings have found new uses, econom viahility, and have proved to be resources, not headaches.

Illingworth Morris, under-standably treading on eggshells with respect to local feeling over unemployment, was able to make an important positive contribution at the scminar. announcing that the mill was on offer at a peppercorn rent. The office buildings on the site,

more immediately viable, might in Halifax (at 1.25m square feet, form part of a package — more than twice the size of the although at a more economic rent—as compensation for lbe befly security charges now being incurred. That offer marked a considerable step forward in negotiations, and a fillip for anyone considering a mixed-use package, which would seem to be the obvious

Possibilities mentioned include the transfer of the Brad-ford Industrial Museum from is present crowded and rather inaccessible home (with one strong advantage in that Installation costs would not be high), the adaptation of the mill to light industrial and office use, as well as possible residential use.

Bradford Metropolitan Council, which has been neutral. attended the seminar in considerable strength, and representation by local councillors. ciliors was, encouragingly, all-party. There is bitterness over the employment issue, and the difficulty is to persuade those who fought for jobs to bury the hatchet and support a project that might begin to provide

different sources of employment. Crucially speakers with experience of turning sucb buildings round formed an disused Crossley carpet factory

more than twice the size of the Saltaire mill) from just another depressing spectre of economic downturn into the Dean Clough Industrial Park — home for around 140 businesses, providing 900 jobs and surely, proof of an abundant pool of activity to be tapped. The idea of a Business and

Innovation Centre (an EEC concept) is being developed in collaboration with the local authority and Bradford Univer-sity. Hall, who has the kind of tenacity and visioo that one might suspect Sir Titus himself shared, talks eloquently of a society which must learn to release, not repress, its energies. Breaking the self-perpetuating cycle of decline is the object

The memory of Sir Titus Salt. man who excited the admiration of the world by his Indusbe ill-served if the will was lost as the result of procrasti-nation and bitterness. The inter-dependence between commerce, industry and tourism is a fine and necessary balance.

The mill at Saltaire offers opportunity, a resource in its sound structure and potential flexibitity, and the additional advantage of tocation io stunniog countryside, to the catch buildings round formed optimistic backbone to the orcasion — above all, Ernest and funding but all three are out there, as other schemes far limitally promising have

Three summer recitals

Elizabeth Söderström. Thomas first recital at the Royal-Opera Allen and Paata Burchuladze House, and he will give a prowill each give an In Recitat gramme of Schumann and evening at Covent Garden on Brahus, accompanied by June 19. June 29 and July 6 Goeffrey Parsons, It is the young Georgian respectively.

Elizabeth Söderström will have Paata Burchuladze's first respectively. Elizabeth Söderström will

give a programme of songs by

bass Paata Burchuladze's first Covent Garden recitat accom-Schubert, Liszt, Grieg, Tchaikovsky and Rachmanmov accompanied by Boris Bloch.

Therefore Therefore Therefore To Scheduler Programme will be It will be Thomas Allen's devoted to Tcharkovsky.

NOTICE OF REDEMPTION

Carter Hawley Hale Overseas Finance N.V. 94% Guaranteed Notes due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 1, 1979 among Carter Hawley Hale Overseas Finance N.V. (the "Company"), Carter Hawley Hale Credit Corp., as Guarantog, and Morgan Umaranty Trust Company of New York as Trustee, under which the Company issued its Guaranteed Notes due 1980 (the "Notes" L and pursuant to the terms of the Notes, the Company has elected to and shall redeem on May 19, 1986 (the "Redemption Date") all of the outstanding Notes at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date in the Tedemption Price. The Notes shall become due and gayable on the Redemption Date at the Redemption Price which shall be paid upon presentation and surrender of the Notes together with all coupons thereto appertaining maturing after the Redemption Date at either taithe Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadwar, New York, 10015, or that the main Offices of Morgan Guaranty Trust Company of New York in London and Brussels, the main office of Amsterdam-Butterdam Bank A.V. in Amsterdam, the main office of the Deutsche Bank Aktiengesell-chaft in Frankfurt Main, the main offices of Seises Bank Corporation in Basel and Zurich, the main office of Societe General in Paris and the main office of Banque Generale du Luxembourg S. A. in Lovenbourg. The coupons for interest due on un before July 1,

the Baser and Zurieri, the main onlive of Banque (Generale du Luxembourg S.A. in I overnbourg. The coupons for interest due on ur before July 1, 1985 should be detached and be collected in the usual manner.

The Notes will no longer be outstanding after the Redemption Date and interest no the Notes will coase to accrue from and after the Redemption Date and the coupons for such interest shall

Payments at the office of any paying agent outside of the United States will be made by United States dollar check drawn on, or by transfer to a United States dollar account with, a bank in the States dollar check drawn on, or by transfer to a United States dollar account with, a bank in the Borough of Manhattan. City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fait to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is unta United States person, or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number temployer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

CARTER HAWLEY HALE OVERSEAS FINANCE N.V.

Dated: April 17, 1986

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts ap-

Music

PARIS

let (4233 4444). Orchestre de Paris conducted by Kent Orchéstre de Paris conducted by Kent Nagano: Messiaeo's Turangailla Symphony (Mon). Salle Pleyel (4581 0630). Orchéstre National de France, con-ducted by Rudolf Barshai, Alexis Weissenberg, plano: Beethoven, Brahms (Mon). Théatre des Champs Flycéses (4273 4272).

Elysées (4723 4777). Insemble Orchéstral de Paris conducted by Peter Maag, Nicanor Zabaleta, harp: Mozart, Händel, Debussy (Tue), Salle Pleyet (4561 0630).

LI.S \$100,000,000

ALLIED IRISH BANKS PLC incoparated with insted labory in the Republic of Related under the Comparates Arts, 1963 in 1963. Subordinated Primary Capital Perpetual Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given, that for the three months inferest period from April 28, 1986 to July 28, 1986 from April 28, 1986 to July 28, 1986 the Notes will carry an interest rate of 7-%% per annum. The interest payable on the relevant interest payment date July 28, 1986 egainst Coupon No. 4 will be US.\$188 84 and U.S.\$4,621 09 respectively for Notes in denominations of U.S.\$10,000 and U.S.\$250,000. The sum of U.S.\$184.84 will be payable per U.S.\$10,000 principle amount of Registered Notes. stered Notes.

ITALY

Gwynneth Jones, soprano, Geoffrey Parsons, piano (Mon). TMP-Chate-let (4233 4444). Rome: Teatro Olimpico: (Piazza Gen-tile da Fabriano): An octet from the Berlin Philarmonic. Beethoven and Schubert (Wed). (393 304).

NETHERLANDS

Botterdam, De Doelen. Organ concert by Arie Keijzer, with the Nether-lands Saxophone Quartet. Caba-nilles, Buxtehude, Glazunov, Keij-zer (Wed). Concert performance of Gluck's Orpheus and Eurydice by the Toonkunst Choir, with the Radio Philharmonic Orchestra under Yoav Talmi and society I and you Nev Talmi, and soloists Jard van Nes, Nellie van de Sijde and Saskia Ger-ritsen (Thur). (14 29 11).

Amsterdam, Concertgebouw. Recital Hall: vlolin recital by Vera Beths, accompanied by Stanley Hoogland (Tue). (71 83 45). Nijmegen, Vereenlging, Robert Jan Roozeman, piano. Haydn, Schu-mann, Chopin, Schubert, Liszt (Mon). (22 11 00).

Barcelona, Maria Xifilidou: Beethov-en, Chopin, Falla and Kalomiris. Centre Cultural de la Caixa, Passeig de Sant Joan 108. (Tue). (301 11 04).

Manitas de Piata, guitar. Konzerthaus Vienna Bach Soloists conducted by Wedam, Telemann, Vivoldi, Musikverein Brahms Seal

VIENNA

April 25-May 1

NEW YORK

Bargemusic (Fulton Ferry Landing): Chamber music concert with Ik-Hwan Bae violin, David Oei piano. Mozart, Beethoven, Paganini, Tchai-kovsky (Thur). Brooklyn (624 4061).

WASHINGTON .

National Symphony (Concert Hall): Jean-Pierre Rampal conducting/ flautist Salieri, Mozart (Tue). Ken-nedy Center (254 3776).

Chicago Piano Quartet (Orchestra Hall): Jennie Wagner violin. Schu-bert, Dvořák, Franck (Wed). (235 8111).

TOKYO

Tokyo Philharmonic Orchestra, conducted by Wolfgang Bothe; Haydn, Mozart. Tokyo Bunka Keikan (Mon). (256 9896).
Keika Ando (piano): Mozart. Beahms, Ongakunotomo Hall, near Kagurazaka subway station. (Mon). (353 2242).

LONDON

London Symphony Orchestra conduct-ed by Lucas Foss with Jack Brymer, clarinet, John Ogdon, pisno, and Ransom Wilson, flute. Bernstein, Gershwin, Copland and Straviusky. Gersawm; copiana and Stawnsky.

Barbican Hall (Tue): (638 8891).

ondou Philharmonic Orchestra conducted by Christoph Eschenbach with Justus Frantz, primo. Dvorák. Royal Pestival Hall (Tue).

Saleroom/Antony Thorncroft

Wine in the racing ring

The falling value of the in the RSA in 1855 by its dollar in recent months has had a depressing effect on certain sectors of the auction market, especially on fine wines, where prices have dropped by more than 20 per cent on a year ago. So Christle's is probably shrewd to hold an auction on Thursday at Tattersalls at Newthan 20 per cent on a year ago. So Christle's is probably shrewd to hold an auction on Thursday at Tattersalls at Newmarket. It will coincide with the running of the 1,000 Guineas and there could be some expansive bidders for the rare clarets and the old brandies on offer.

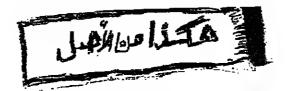
Both Christle's and Tatter-salts were founded in 1786 if an excuse was needed for a wina auction in the famous Sale Ring. It will take place at 11 in the moraling, and there will be "everyday," wines as well as such coriosities as an 1820 Solera sherry.
Sotheby's and Christie's are

botding auctions in Scotland this week Prices for Scotlish artists have rise dramatically in recent years, none more so than recent years, none more so than Stantey Cursiter. In 1978 Sotheby's sold an oil by him for £165. Last year a composition of 1903 made £13,750, a record price; but tomorrow Sotheby's is offering, at £00e-toun House, "Infermezzo," Cursiter's Royal Scottish Academy exhibit of 1913 which carries a too estimate of carries a top estimate of £25,000.

Christie's is performing in Allini Scotland on Wednesday, seiling forest paintings in the Edinburgh wood Assembly Rooms. Its stay could attraction is a portrait of the perperimentary of the perpendicular of th

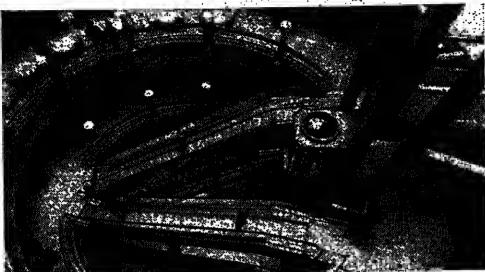
denser, and the painting shows him working on the Newcomen Engine which was the basis for the condenser, the machine which heralded the Industrial Révolution.

Engish Tural scene by Helen Allingham has a £4,000-£6,000 forecast, white "pheasants in a wood" by Archibald Thorburn could fetch £15,000, showing the perpetual appeal of game paint-

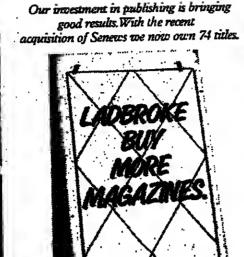


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Ladbroke. The Far From Leisurely Leisure Group.

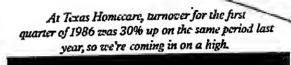


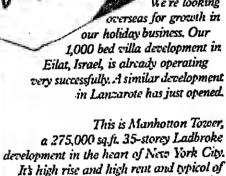
Some of the most breathtaking modern architecture is seen in the new shopping centres. Ladbroke are leading the way with this 100,000 sq.ft. development covered by a giant glass airium.





Our purchase of Rodeway Inns International gave us an entry Thanks to new legislation, the sport nto the world's largest hotel market - America. of kings can now be matched in more palatial surroundings. As world leaders in off-track betting, Ladbroke welcome





our quality projects in America.

In 1985, the property division



last week, Ladbroke made sure that 1986 is going to be even more exciting than 1985. Last year we made record profits of £75 million - 50% up on 1984.

Our three core businesses all performed well

Hotels, property and racing achieved a combined increase in pre-tax profit of 42% while the entertainments division boosted its profit contribution by 35%.

Last year was certainly a high point in Ladbroke's history and the future has never looked more exciting.

Trading under the Texas Homecare brand name, Home Charm is one of the top two DIY chains in Britain.

It owns 136 superstores and during 1986 we plan to open 21 new ones.

Ladbroke Hotels are now one of the top two hotel chains in Britain and growing

We've recently opened new hotels at Swansea, Livingston and Basingstoke and we're currently building at Manchester Airport and Portsmouth.

In London we're relaunching the Curzon in Mayfair and the Sherlock Holmes in Baker Street (where else?).

Because our hotel business caters primarily for the businessman who has to travel we're less dependent on tourism than many hotel groups.

By next winter we'll have invested (15 million bringing the 22 hotels we bought from the Comfort Group up to Ladbroke standards. (And need we say it, Ladbroke profitability.)

Our racing division had an outstanding year in 1985 and with over 1,500 shops in

the U.K. we increased our share of the offtrack betting market to over 21%.

In Belgium we own over 800 betting shops and last year we bought a race course in Michigan.

(When legislation allows off-track betting, we'll be ready for the off.)

In Holland, we've recently been granted an initial, 20 year exclusive licence to carry out betting, on and off-track.

But the most pleasing development happened here in Britain earlier this year.

For the first time, betting shops were allowed to show live TV and satellite coverage of sporting events and to provide new facilities for their customers.

We have already invested in the most modern communication and computer technology to give our clients a service that's second to none.

Our U.S.A. properties are establishing a substantial rental stream and valuable

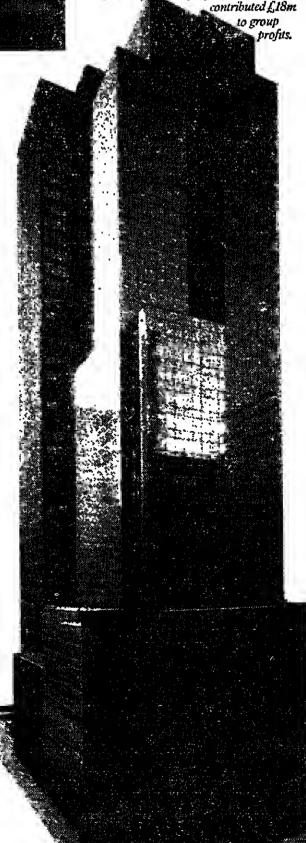
Here in Britain, we're concentrating on the retail sector with major new schemes in Maidstone, Birmingham, and Bristol and out of town developments in Crayford, Hendon and Cwmbran.

With leisure-time spending projected to increase by 8.5% in 1986, the entertainments division is also expecting to do well; publishing is expanding, holiday bookings are ahead of 1985 levels and Laskys is again expected to improve its performance.

As you can see from this brief look at our activities, the future looks far from leisurely.

And that's exactly the way we like it.

One of a series of advertisements from Ladbroke Group PLC.





What's smarter? Owning hatels where people want to stay

FINANCIAL TIMES

Telegrams, Finantimo, London PS4, Telex, 5954871 Telephone, 01-249 8000

Monday April 28 1986

Warm words, cold figures

finance ministers from the leading industrialised countries. Whether they come from Wighlington or Tokyo, London or Bonn, finance ministers will find nothing to upset or worry them in the IMF's comments on world economic polities and presences this year.

prospects this year.
Indeed, despite the habitual disclaimers about the "consider-able uncertainties" in the international environment this year. the summit leaders' could carrly infer from the DIF's comments that the world economy is healthier than it has been for years—and that little if any-thing, is needed by way of new policies from the major industrialised countries.

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To the extent that the IMF noes call for concrete policy adjustments, it concentrates on the Third World. Here it urges further reduction; in govern-ment deficits and exchange rates, particularly in the energy exporting countries, but to a lesser extent among oil importers as well.

Guarded advice

When it comes to the industrialised countries the IMF's advice is far more guarded. It tells governments little they have not already said a hundred to welcome in principle the calls he Mr James Baker, the US Treasury Secretary, for greater co-ordination of macroeconomic and exchange rate policles. But the practical steps which it suggests are to hedged about with qualifications that the Fund could readily be seen hy Japan and Germany as an ally in their resistance to Mr Baker's demands for faster

In the case of Germany, this caution is particularly marked. Germany is expected to grow by rate of growth of the country's "productive potential." Thus, only if the US hadget is cut, if German growth slows and if economic policymakers to rest signs of excess demand remain on their laurels.

velling to Tokyo this week for for considering action to make the economic summit will find the stance of fiscal policy in it unusually relaxing this year 1987 more supportive." the to lake as their reading matter fund concludes. This kind of for the journey the International Monetary Fund's World might exceed productive potential makes it casy to understand the first published with the LUE holds out to home. hished today. The IMF may be notoriously unpopular in the de-rotoriously unpopular in the de-veloping world; but the easy to ment problem in Europe for the see from this year's outlook foreseeable future. After all, why it is so deeply respected by the number of jobs must by de-finance ministers from the lead-finance ministers from the lead-fination expand more rapidly than the rate of growth of the labour force if unemployment ic ever to be reduced.

Spreading euphoria

Economic Outlook-and especi- rapidly. ally if they penetrate into the tables of detailed forecasts they will see that the Fund's

the summit may pounce on the Fund's statement that recent nevelopments in the oil and nevelopments in the oil and states of Texas. Louislana and foreign exchange markets have Oklahoma, which produce over created "prospects for sustain-able, non-inflationary growth throughout the world economy." But the IMF's prediction for 3 per cent growth in the industrialised countries in 1986 is actually no hetter than the forecast it published for 1986 exactly a year ago. All that has happened is that a boost from lower oil prices has compen-saied for the deflationary drag which hecame evident, especially in America, from the For the developing countries,

the prospects now appear a good deal worse than they did a year ago-and this is true not only for the oil exporters, where GNP is now expected to contract by 0.6 per cent in 1986, instead of expanding by 3.8 per cent, as predicted last year. The oil importing Third World countries are now expected to grow marginally more slowly—the weakening of world trade and the total stand-still in new bank lending has 31 per cent in 1956 and this the more than offset the henefits Fund points out, is above the of cheaper oil and lower interest

rates.

These are not the kind of prospects to allow the world's THE US OIL PATCH

Not such a beautiful morning

By William Hall in New York

CGT VE GOT eight pairs of world oil prices do not recover TVE GOT eight pairs of cowboy boots and I have never drunk lampagne out of any of lem." lokes George Nigh, klahoma's governor, as his win-engined Piper Beachcraft of America's higgest oil fortunes were made locally. J. Paul Getty have never drunk champione out of any of them." jokes George Nigh, Oklahoma's governor, as his twin-engined Piper Beachcraft heads south towards Seminole, which was once one of the state's higgest oil hoom towns.

The Governor is on yet another morale-boosting mission in a state which has been among the hardest hit by the dramatic drop in the price of oil. He has few answers for the worried husinessmen who come to listen to bim in Seminole's "Gusher" hotel.

Seminole's "Gusher" hotel.

Unemployment is climbing across the state, oil production is falling as an increasing number of Oklahoma's 80,000 high-cosi "stripper" wells. which dribble out less than 10 barrels a day, are shut down. State tax revenues are evaporating, public employees are heing laid off and hankrunteies are rising overating at the peak in 1982. If the summit leaders ever tax revenues are evaporating, ead beyond the Panglossian in public employees are being laid read beyond the Panglossian in public employees are heing laid troduction to the World off and hankrupteies are rising

apparent complacency is riddled top of a serious recession in in the paradoxes such as these.

Indeed, the figures offer little support for the spreading cupheria about an economic the agonising re-alignment that cuphoria about an economic the agonising re-alignment that golden age. The politicians at is now going on in both the Government and private sector throughout the US " Oil Patch " three-quarters of the country's natural gas and half of its crude oil.

"We face a traumatic financial crisis." says Governor Nigb, who came to power in the late-1970s when Oklahoma City was a place where fortunes were being made and lost overnight, and Bill Patterson, a local hank-er, entertained out-of-town clients by guzzling beer out of his boot at "Cowboys," a local especially in America, from the second quarter of last year of last year onwards.

Bank, closed its doors on July for the developing countries, 5, 1982, an event which rocked tually forced the US Govern-ment to come to the rescue of Continental Illinois, the eighth biggest US bank, which had close ties with Penn Square.

As a result of Mr Patterson and others, Oklahoma City finds its hard to live down its frontier town image. It is still remembered as the city that popped up out of the prairie hetween noon and sunset on April 22

Oklahoma sits in the middle of the US "oil patch." Oil and gas provide close to a quarter of state revenues and two-thirds of Oklahoma's oil is produced from high-cost "stripper" wells compared with the 14 per cent national average.

e of neighbouring where unemploy the highest in the neighbourlng

of America's higgest oil fortunes were made locally. J. Paul Getty drilled his first oil well near Tulsa. Frank Phillips, a barber from Nehraska, founded the company which bears his name in nearly Bartlesville, and Dean McGee, a brilliant geologist, and Oklahoma senator Robert Kerr, founded Kerr-McGee in Oklahoma City less than 50 years ago. vears ago.

off and hankruptcies are rising operating at the peak in 1982 and 114,000 workers were employed in the local oil industry.

Today, less than 60,000 are employed in the oil fields, the number of rigs exploring for oil has dropped below 150, and unemployment has climbed to 7.8 per cent. It would he considerably higher but people are leaving Oklahoma. It was the only state in the Union to suffer a drop in its population last year, says Governor Nigh, who notes that the last time this happened was in the dust

bowl" years of the 1930s. The signs of the slump in Oklahoma's oil industry are evident everywhere. Phillips Petroleum, whose operations stretch from offshore California to the North Sea, has just announced that it is laying off 1,000 work-ers in its home town of Bartlesville, some 45 miles north of Tulsa. This follows 450 lay-offs at the neighbouring TRW Reda plant which makes submersible pumps for the world oll indus-try. For a town of 38,000 people, such levels of job cuts are traumatle, At Duncan where Erle P.

Halliburton founded his oil well cementing husiness a little over 50 years ago, a group of foreign invesiors has just bought a 48,500 harrels a day oil refinery for \$2m. The same refinery was sold six years ago for \$140m, Some 150 miles away on the outskirts of the small town of

Stroud, half-way hetween
Tulsa and Oklahoma City, John
Cassidy's hulldozers work every
day, expanding the size of the
world's biggest graveyard for
oil field equipment. Trucks
arrive around the clock bauling
oil tackle dumped on the
market by banks which have
decided to cut their losses.

If oil prices remain helow \$15

scours the auctions for hargains which he huys for 10 to 15 cents on the dollar. New mud pumps which used to sell for \$240,000 nation, it is more dependent on which used to sell for \$240,000 over a querier of the state's the energy business than Texas, its larger neighbour to the apiece. The 61-year-old Mr "When prices drop below \$20 south, and has more to lose if Cassidy has over 200 mud a barrel, the domestic industry

The reality of Oklahoma today . . . rising unemployment, abandoned oil wells, failed banks and spending cuts

pumps for sale and has doubled his inventory of deep oll and gas drilling rigs over the last year. The Petroleum Equipment Suppliers Association estimates that Mr Cassidy has a bigger slock of almost all major rig components than the top eight oil field manufacturers

Even though Mr Cassidy is betting that the oil market will turn around eventually and he will he able to sell the equip-meet at a profit, he is already cutting some of the older machinery into scrap, but refuses to sell it because prices

from high-cost "stripper" wells compared with the 14 per cent national average.

While the state's financial problems are not yet as acute with the state's financial content in the market," says Mr Loren that 23,000 local "stripper" crouch, who manages the 160-acre graveyard while his hoss costs of production are just too high. At prices of \$10 or helow, the figure would rise to more than 35,000 wells accounting for

starts dismantling and the economic safety net underlying the state is suddenly full of hules," says Mr Graves, He believes that many Oklahomans have not yet realised what has hit them. This should begin to change

as the 100,000 or more royalty owners begin receiving much slimmer cheques from their slimmer cheques from their interests in local oil wells within the next few weeks. George Tallchief, the chief of the Osage tribe which used to collect almost \$100m a year in royalties through its ownership of Oklahnma's most prolific oil field, says his tribe is already making adjustments. "They may have to trade down from a may have to trade down from a Lincoln Towncar to 4 Volks-wagen and may not be able to

renew their membership of the country club." Oklahoma's banks have already been hit by the harsh realities of lower oil prices. Last year a record 13 banks failed in Oklahoma and First banks. It has lost close to \$180m over the past three years, and its capital ratios have dropped below the regulstory

whether the bank, which for many years was the higgest in the state, will survive in its present form.

many local bankers in its latest Administration are slim. quarterly earnings statement.
"We believe that both Congress parent of the near 100-year-old and the Administration will First National Bank of ultimately recognise that nur Oklahoma City, is at the top of national security will not the authorities list of problem permit the US to become hostage to foreign nil. And when they do, the economy of our region vigorously." should rehaund

Oklahoma's bankers. '? common with local politician's dare not think what would happen to the local economy of oil prices were in stay down at tenerent levels, "When nil falls from \$20 a barrel to \$18 a barrel, I can say what it does no income tax revenues and sales and momenty tax revenues." and property tax revenues."
comments Mr Odle Nance,
chairman of the Oklahuma Tax
Commission, "But when it falls from \$28 to \$12, then I am-going to really start guessing, what the ripple effects are gning to be. I have no historical

experience."

Cats of close to a fifth in state spending have already been made on the assumption that off prices will average \$18 a barrel over the next 12 mouths. Some 4,000 local school-teachers have already received lay-off notices. If the price of oil does not recover soon from its current level of under \$12 a barrel, more cuts in essential state services for the elderly and handicapped will be necessary...

"We are on the fringe of a crisis and we do not want to go neer the line," says Governor Nigh, whn like the rest of Oklahuma's 3.3m residents is trying to come to terms with an outside his control

Will Oklahoma's problems, like these of the other "nil patch" states, spill over into the political process at the national level? It is too soon to: tell. Oklahoma's banks are in serious trouble and Vice-President Bush has already indicated that if the price of oil stabilised at less than \$12 a barrel, substantial financial institutions in the US would be hart and the Government would

minimums.

The bank is being kept affoat the heavy borrowings from the Federal Reserve Bank of Kansas City and the regulators have installed a new management team under Mr Jum Cairns, a former president of local government in this period, the American Bankers Association of local government in this period.

Then there is the problem of maintaining the fabric of local services. "State governments have not really addressed the issue of what it takes in run local government in this period. Car. president of Phillips Petro-Cox president of Phillips Petro-leum. "They find it extremely, difficult to make adjustments." Meanwhile, Governor Nigh, a lifelong Democrat, in common

Most of the other leading local banks have been reporting losses and omitted their dividences in the face of mounting problems among their customers in the agriculture and energy industries. They are holding on and hoping that the US Government will step in and avert the collapse of the local oil and gas industry.

The Banks of Mid-America, the state's largest bank holding group, summed up the views of many local bankers in its latest.

"All these people are for lonald Reagan and they cannot understand that he has abandoned them. They like him personally. They may disagree with his energy policies but they blame his staff for keeping the information from him. They are not mad at him. It is a maring "

A hydra-headed farm policy

WHAT GROWS bigger every time the attempt is made to before the farm ministers by check its increase? The cost of the Commission. At least they the Common Agricultural Policy did not turn it down out of of the European Community, of hand and agreed to revert to the course. Last week's session of idea in the future, the 12 farm ministers brought the same depressing result.

They emerged proudly from their ordeal having agreed on something close to a price freezc. Concessions to farmers will cost the relatively small amount of Ecu Som (about f51m) this year.

None the less, the farm ministers will have to report to today's meeting of finance ministers that the farm policy will this year cost Ecu 1.5hn more than expected. In the current jargon the reasons are exogenous, meaning that they heyond the farm ministers control. The chief of these reasons is that the decline of the US dollar has increased the cost of subsidising exports of farm products so as to make them saleable on the dollar-denominated world market.

An increase of Ecu 1.5hn breaks the guidelines for budget discipline agreed with-in the Community, and the finance nunisters would be well within their rights if they told their colleagues to try a bit harder. But political realism suggests that, however realism, suggests that, however desirable, further cuts may not be possible for this year.

Not that the farm ministers have been timid. By imposing a levy on cereals brought to market, which in effect will cut the intervention or minimum. mum price by 3 per cent, they have braved the wrath of the

Boldest proposal

The ministers also screwed up their courage to reduce milk production quotas by 3 per cent over a three-year period. In doing so they cut across the national interests of several member states, especially that of Ireland.

Perhaps the boldest proposal they considered was to cease intervening to support the price of beef. Doing so would have amounted to dismantling, at least temporarily, a key element of the farm policy. There are other products whose prices are not supported by intervention but they are less insportant than beef.

on the pricing and intervention side suggest that the logic of hudgetary penury has forced the farm ministers — usually the most determined champions of the special interests of their industry—to face unpalatable facts. But their education still has a long way to go if the hadra of the CAP is not to go on growing ever more ugly

Income support

The "exogenous" reasons for additional farm spending may be beyond the farm ministers' immediate control and, indeed, that of the Community. But that is no reason to shrug them off as inevitable. The cost of subsidising farm exports is no more than a delayed cost of a misplaced pricing policy. The guaranteed minimum prices have encouraged what — set against market requirements within the Community and without - amounted to gross overproduction. As long as the incentive to overproduction persists, these or similar costs
(for instance that of turning are bound to result.

It is probably inevitable that a limitation of farm spending at Community level will encourage expansion of national spending on farmers, at least in the countries that can afford it. In principle, national subsidy is as dubious a method of economic management as Community subsidy. Where resorted to it should, at least, have as neutral an influence moon output as is possible. That means income support paid for from taxation, not direct subsidy paid for mainly by the consumer.

The net result of the Brussels marathon has been positive. The lesson has begun to sink in that the farm policy must be brought under control lest it run riot completely. But the progress has also been small. The measures agreed on will have to be followed up not only with more of the same. but with a thorough reform of the entire system.

Team change

for BL

BL is preparing for the arrival this week of its new chairman, Graham Day, who is thought to be Mrs Thatcher's personal choice to stiffen sinews in the tors group.

The BL management would be well advised to prepare another office for Peter Thompson, aged 39, who has been Day's personal assistant at British Shipbuilders for the past three years.

Thompson, an assistant secretary at the Department of Trade and Industry, who has been on secondment to work for Day, has just resigned from the Civil Service. I expect bim to accompany Day into BL.

With 18 years Civil Service experience Thompson is wily in Whitehall ways. He worked in the private offices of both Tony Benn snd Eric Varlcy when they were ministers. His experience in the shiphuilding division of the DTI led to his secondment to British Ship-

Recently he has been seen with those former Civil Service colleagues who are in the thick of the BL melée. He will have learned that BL will he an even



dispute is still on, let yourself in -then throw away the key."

Men and Matters

tougher challenge on the government-industry front than shiphuilding.

Day goes to BL with no basic objectives so far agreed with government. First he wants to spend time going through the group's books and the corporate plan, and deciding what he thinks is possible in the light of the past traumatic months

Then his priority will be to secure government agreement for his ideas.

Thompson's knowledge of the inner workings of No 1 Victoria Street, the DTI hq, is said to have been invaluable in putting relations between government and the shipbuilding industry on to a better footing, and paving the way for privatisation of the warship yards. Will the Day/Thompson com bination work as well for BL?

Wet bobs

David Challen and Derek
Netberton of the merchant bank
J. Hendry Schroder Wagg are
the two men charged with
changing the staid image of the
wster industry.
Schroder Wagg has been
chosen, against stiff competition, to advise the government
on the proposed privatisation of
the water authorities in England

the water authorities in England and Wales.

and wates.

Challen, the project director, aged 42, is an Anglo-Irishman who first came into the public eye when in his 20s as a member of the Trinity College, Dublin, team on TV's University Challenge programme More recently he has advised Hambros Trust on its division of the Hambros family assets. Netherton, a Cambridge man, is an old prinstisation hand, having advised on the sale of Jaguar cars, the British Shiphuilding warships division, and (with Challen), Cable and Wire-less. He also did work for the government on the financial aspects of a Channel fixed link.

Challen claims that the water flotation — which could raise Exchequer — will create a new investment sector in Britain. The 10 authorities, he says, will but will have to compete for investors and capital in an active market.

Distant drum How do you mislay something that weighs 300 tonnes and is

Ask Northern Engineering Industries. The company's oversight gave its rival Babcock Power a few chuckles recently. It sil happened in India. NEL which is building a power NEL which is building a power station there, mislaid a steam drum supplied by Babcock. The tractor hauling the drum broke down in the country far from human habitstion. It was shunted off the road, and then vanished from official notice.

Bahcock denied all responsibility ("It was shipped fob," said a company man) but cheersaid a company man) but cheer-fully offered NEI to tender for

Fighting spirit

a replacement.

Turks who rsise a glass of Scotch can now enjoy a virtuous feeling that they are contributing to their country's national defence.

A recent official requirement hy the authorities is that every bottle of Scotch whisky sold must carry a label indicating that its price includes a donation of 100 Turkish lira (ahout 10p) to the Turkish "defence industries promotion fund."

Not unnaturally the Scotch Whisky Association feels it is no part of its job to help collect for other people's funds. Neither is it overkeen to have its groducts linked with the its products linked with the

arms industry.
So the SWA has protested ahout the imposition to the European Commission in Brus-

However, a British official in Istanbul was Inclined to dismiss the issue as a storm in a whisky glass." He pointed out to the FT man on the spot that sales of Scotch had been hanned in Turkey until 1984, and were now growing rapidly in spite of the "donation." It has become a common practice in Turkey for sur-charges to be imposed on food and drink imports in addition to normal customs duties. The extra funds are used to support a number of pet projects of the government, including hous-

the government, including housing and defence.

What may look reasonable from Ankara's point of view seems less so when seen from Brussels. The Community is taking a serious view of the surcharges arguing that they are a violation of Turkey's obligations under the 1964, associallon agreement between the ciallon agreement hetween that country and the EEC.

Japanglish

The Tokyo economic summit should soon provide the Jananese with another opportunity to demonstrate what wonderful things they can do to the English language. Until then, here is a taste of what can be expected from a package of processed cheese on tale in

of processed cheese on tale in Tokyo:

"Cheesen de Gourmet. Wellmatched with luxury. The recipe for Cheesen here is deliberstely chosen by the Ginza Edoichi's luxury, that will friendly put a spell over gourmets in tea and drinking time with his daring craft well matched with its savor of ingredients as special and exclusive." exclusive."
With competition like that, is

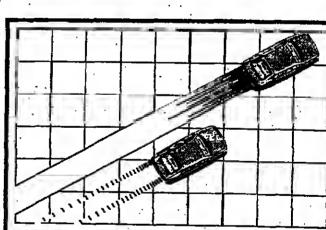
it any wonder that Stilton does not get a look in?

Just visiting

A friend recently in Peking hought a map of Hong Kong which bears the legend: "Tem-porarily occupied by the United Kingdom."

Is somebody trying to tell us

Observer



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THERE is a saying that the lwo best days in a boat owner's life are the day he takes de-livery of the vessel and the day he sets rid of it. The same seems to becoming true for a growing number of people who have bought their own bomes under the Government's right-to-buy legislation.-

Rapidly increasing numbers of people templed by the scheme are falling into serious mortgage payment arrears and many are ending up on the

Coupled with confusion about the Government's plans for rent reform and serious under use of both public and private bousing stock, the council house problem illustrates above all the fact that the Government has no mechanism for coordinating the various strands of its thinking on bonsing; It has no housing policy. The last official analysis of housing need was the 1977 Housing Policy Review and since then the only strategy bas been a dramatic cut in public sector housing.

There are signs of increasing ministerial anxiety at this gap and some fear that honsing, like education, could became a major electoral liability. An indicator that the Govern-ment realised all was not well

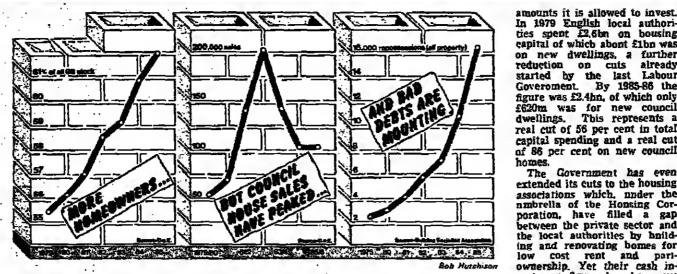
came when Mr John Patten was appointed to replace Mr Ian Gow. Although Mr Gow resigned over a non-bousing issue—the Anglo-Irish agreement—his tenure of the housing ministry was marked by a strongly promarket stance. Mr Patten is Mrs Thatcher's first housing minister to admit both that minister to admit both that a wide-ranging policy is needed for bousing and that the public sector must play a key role.

In a little-noted speech recently Mr Patten placed this near-heresy on the record:

"Owner occupation is not best for everyone all tha time. For some it is not even possible. It is their needs we must now address. Some 35 per cent of council tenants are pensioners and two-thirds of tenants need

One reason for this changa is the fact that the sales policy is running out of steam. Council bouse sales peaked in 1982-83, and the tail-off is expected to continue despite measures in make the sale of flats easier. The great homes sale was a couraging such widespread key feature of the first home ownership. Low income Thatcher Government, but is a principal cause of mortgage default and, ultimately, reposit in practical or political terms, session-in the same way as it in practical or political terms, session—in the same way as at since the Labour Party has is also a cause of rent arrears; reversed its opposition to sales, these have trebled in England. The central goal in bousing in the past five years to reach policy is always to find afford—£215m, as more councils, able homes for everyone; the pressed by the Government, difficulty is that adding to the charge economic rents.

Robin Pauley argues that sales of council houses no longer amount to an adequate housing policy



Housing: a £6bn solution

as walting for a council bouse, plus a further 600,000 waiting for transfers.

One immediate problem is the fact that so many owners cannot afford the mortgage million now. Some families have met the income criteria only by combining several incomes. A large number of those taking advantage of their homes. A large number of those taking advantage of the right-to-buy legislation use local authority rather than building society mortgages because, under the scheme, local authorities have no discretion to refuse loans provided minimum income criteria are met.

benefit mortgage imierest additions—up from around 100,000 in 1979 to around a third of a million now. Some families have met the income criteria only by combining several incomes.

In addition, many people are not well-prepared for home arrears in the allocation of other charges on the property, often bigh-interest loans for bome come criteria are met.

A survey of 60 of the 69 metropolitan local authorities, in which most of Britain's public sector housing and housing problems are concentrated, shows mortgage arrears rising rapidly. They total £14.5m and rose by 36 per cent in the two years from 1983 to 1985.

Serious arrears of six months

repayment or more accounted for 4 per cent of all the relevant belp even to pay their sub-sidised council rent. So we 1985, a 40 per cent rise in two are now entering a new stage years. All of these problems of bousing policy—we are are much worse in the metro-changing gear." politan areas outside London than in the capital. Unemployment, short-time working, mari-tal breakdown and general financial over-commitment, are the main causes of arrears.

64 per cent of people who al. The incidence of low incomes ready own their bomes may not in home ownerthip is underdeliver this result. There are lined by the number of people

now im people officially listed who receive supplementary as walting for a council bouse, benefit mortgage interest addi-

arrears is the allocation of other charges on the property, often high-interest loans for home improvements or new fittings such as kitchen and bathroom. These are easy to obtain because the discount in the right-to-buy price of up to 60 per cent for long-standing tenants gives them an instant and substantial equity in the building. But loan interest rates for consumer goods are high and can easily overload a jow-income budget.

Mortgage arrears and consequent repossession are now an important factor in the rising bomelessness statistics. In 1981, mortgage arrears accounted for 5 per cent of families made bomeless; now the figure is 1d per cent and rising. This is worse than it looks because the number of households claiming homelessness is also rising and bas doubled since 1979-80 to around 200,000...

It is bere that the case for a coherent bousing poticy, maximising the roles of both public and private sectors, becomes and private sectors, occurres apparent. The army of homeless is not an indicator of an abso-lute shortage of bousing but of a mismatch between housing need and availability. Mr Patten bas referred to "the scandal" of 116,000 empty council properties

a mixture of tocal authority in-efficiency and an acute shortage of public funds for repairs end renovation (exacerbated by the problems of incompetent archi-tecture and poor workmanship in the 1960s housing construction boom), is only the tip of the empty property iceberg. There are over 500,000 more empty properties and they are all pricately owned.

There is little to be gained

There is little to be gained and everything to be lost for a private owner who considers letting an empty property. The combination of a mass of regulation in favour of the tenant and against the iandiord, coupled with rapidly rising property values, means that for many owners the best solution to an unused property is to keep it empty as an asset of rapidly increasing value or to let it on a special contract to a company wishing to accommodate overseas personnel. seas personnel.

Government bas contemplated legislation to deregulate the private rented sector to allow landlords and developers to charge market rents and to to charge marker remis and to give owners more rights to re-gain their properties in the hope that this would encourage a rapid expansion of the sector. But it shied away last year, fearful of the political controversy that the spectre of nascrupu-lous landlords, deregulated rents and notices to quit could

and private sectors, becomes apparent: The army of homeless is not an indicator of an absolute shortage of bousing hut of authorized and availability. Mr Patten need and availability. Mr Patten bas referred to "the scandal" of 116,000 empty council properties —enough to house 300,000 Ent has also echoes his predecesters in the private related sector isn't going to be bas referred to "the scandal" of 116,000 empty council properties confidence of tenants and landpeople; "Reviving the private related to gain the 116,000 empty council properties confidence of tenants and landpeople; "Reviving the private related sector isn't going to be bomes, which they are not confidence of tenants and landpeople; "Each year, the public sector's last week in the Commons that now" (my italics) he says because of the difficulty of pash-

arouse.

through a parliamentary term when the Labour Party is "sure to take a destructive attitude."
But in reality, the Government is most fearful of opposition among its own sup-porters. This caused the plan to be dropped when it first arose, well before the balf-term point. So if reform of the private

ment accepts that at least a quarter of all peopla will remain in rented property, what about the public sector?

The private sector has not filled all the gaps and key sections of the community, notably young single people and young families with very low incomes, find accommodation of any sort almost impossible to get. Exorbitant bedsitter rents are being charged in some cities-£70 to £100 a week common in

rented sector is out for the time being and the Govero-

London for single bedsits in central areas. The stopgap local authority solution to homelessness is to provide bed and breakfast accommodation. In London alone the number of people in bed-and-breakfast quadrupled between 1981 and 1984. The annual cost of keeping a couple with two children in bed-andbreakfast in London is now estimated at just over £13,000; the cost of huilding them a council flat is estimated at

Mr Patten is clear about the need to tackia "the degrading there is no shortage of rescramble for accommodation sources for an enbanced council building of the council building or accommodation to the The higgest irony is that

In 1979 English local authorities spent £2,6bn on bousing capital of which about £1bn was on new dwellings, a further reduction on cuts already started by the last Labour Government. By 1985-86 the figure was £2.4hn, of which only £620m was for new council dwellings. This represents a real cut of 56 per cent in total capital spending and a real cut capital spending and a real cut of 86 per cent on new council The Government has even

extended its cuts to the housing associations which, under the numbrella of the Honsing Cor-poration, have filled a gap poration, have nied a gap between the private sector and the local authorities by building and renovating bomes for low cost rent and partownership. Yet their cash investment figure has been cut from £889m in 1982-83 to £812m in 1985-86 and it is planned to fall again in 1986. planned to fall again in 1986-87.

All these reductions are clearly reflected in the switch in the share-out of our national wealth. Public spending on housing as a proportion of CDP was 2.2 per cent in 1979-80 and ds per cent in 1875-80 and ds per cent in 1885-86.

This has pushed Britain further down the European bousing expenditure league—a table in which it has not shown up well nuder either Labour or Conservative administrations. Total public and private residential construction comprised 3.8 per cent of British GDP in 1976 while France, Denmark and Belgium all spent more than 7 per cent and Ireland, the Netherlands, Greece, Italy and West Germany all spent more than 5 per cent.

The Government estimates around £20bn needs to be spent

to renair and renovate the

council housing stock; the Audit Commission estimates the total construction and repair bill to put public and private sector bousing slock right could be £30bn to £40bn. Expenditure on this scale can only be made over time bot it could be started if the Treasury were to ease controls on capitat spending. Some £8bn is now locked in local authority accounts instead of being used. accounts instead of being used to create more housing.

A starting point for a new bonsing policy would be to free these receipts with the sole restriction that they are used for replacement bousing or special category bousing in short supply—medical flats, bomes for young singles or short-term accommodation for

Lombard

Japan's missing world role

By Jurek Martin

Japan simply cannot spend all, or even a substantial pert, of its excess savings on itself? How can it contribute to the cause of international economic prosperity if it can only grow fast enough by continuing to rely on exports?

rely on exports?

Une solution, put forward recently by the World Institute for Development Economics Research (Wider), the newish Finnish-based offshoot of the United Nations University, is for Japan to come up with new mechanisms for redirection its surpluses to somewhere other than the New York financial markets. It would like to see Japan set up a new international fund, with a contribution of 0.1 per cent of its Gross National Product, to encourage private capital invest-

Gross National Product, to encourage private capital Investment in the developing countries—a complement, it says, to the Baker plan.

The proposal commands interest both on its own merits and because one of its authors is none other than Dr Saburo Okita, the indefatigable economist and former Foreign Minister, who is not only chairman of Wider's board but who also served on the Maekawa Commission. It was this body which three weeks ago prowhich three weeks ago produced a report, ecstatically welcomed by the Reagan Administration, on how the Japanese economy could be made more internationally com-

patible.
The intriguing thing is that, The Intriguing thing is that, In his wider manifestation, Dr Okita seems willing to question what his establishment Maekawa persona could not; that no combination of new roads, airports, houses and shorrer working weeks, and no mix of deregulation, liberalisation and market opening packages will so stimulate Japanese domestic demand that the propensity to save over 20 per cent of GNP

THE WORLD wants Japan to hig hanks and industrial congrow faster. Japan says it wants cerns generally earn far more to grow faster. But what if money dealing and selling overseas than they do at home, where their margins are often tiny. The incentive to invest more indigenously is not overwhelming.

Nor, to be brutally frank, is the average Japanese yet screaming from the rooftops for a widar selection of goods or for a higher quality of life. The absence of Volvo estate cars and second homes in the country, or even bigger first bomes, do not impinge much on a ::ational consciousness which is by no means dissatisfied with its current lot and which can-not see good reason to consign the work ethic to the dustbin.

Translated into macroeconomic policy, the Wider
paper suggests that, even if the
Government does alt it
promises, the savings/investment gap will probably not fall
below the range of 2.5-3.0 per cent as a proportion of GNP (it was 3.5 per cent last year) unless the rate of domestic growth is deliberately and drastically brought down, which makes no political or social sense. In other words the surpluses and other words, tha surptuses and the vast reserve of national savings are an enduring fixture. The Wider proposal is by no means the first to come along means the first to come along in recent years to try to find ways of harnessing Japan's wealth to its international commitment. One respected Japanese research institute has suggested Japan underwrite massive global public works. sive globat public works,
What seems to be missing,

What seems to be missing, however, is consideration of non-financial ways for Japan to play a full international role. Japan is agitating for a bigger voting share in the World Bank and is promoting reform of the UN system, yet it still refuses to commit its best people to the international institutions; high-quality Japanese bureauhigh-quality Japanese bureau crats, academics and executives will be ended at a stroke, or simply prefer the comfort and even in the foreseeable future. security of home. This has Given the government's commit-ment to fiscal austerity, the probability is that a lot less than the optimum will be initiatives. Saburo Okita is, probability is that a lot less and not as a source of ideas and than the optimum will be initiatives. Saburo Okita is, attempted voluntarily.

It is indeed a fact that than the rule — and even he. although Japan has a large and, as his involvement with the for the most part, enviably Maekawa report shows, must bealthy domestic economy, it is not a vastly profitable one. The Japanese hat

Britain and the EMS

From Sir Alan Wolters
Sir, — In your editorial of
April 7 you said that I had a "theoretical impossibility." I neither argued anything of the kind nor can I find any such suggestion in my recent book, Britain's Economic Renaissance. The EMS is an institution and not an abstraction, so it is clearly absurd refer to it, stable or not, as a theoretical

impossibility.

In my book I tried to think out the consequence of Britain joining the exchange rate mechanism. This is, I presume, what you reject as "theoretical. nitpicking" compared with your "common sense." I then reviewed the evidence both of the EMS, the snake and other pseudo-fixed exchange rate syslems such as Bretton Woods and the Latin-American system of predetermined exchange rates. The result of my nitpick, ing and review of the evidence suggested that it would be difficult for a small country like Britain with no exchange and credit controls to pursue a really fixed exchange rate mechanism, mainly because capital movements, potentially on an enormous scale, would

make monetary policy perverse. Of course I may be wrong-and I would be interested to bear the arguments. I would particularly like to hear of any smalt country operating a fixed exchange rate system with sophisticated open and free capital markets. The only stable capital markets. The only stable regimes with open capital markets I could find are those, such as Hong Kong, where there is a monetary system which responds quasi-automatically with a reserve and currency change to any pressures on the foreign exchanges. (Incidentaly I fully supported the package of a restoration of a fixed exchange rate and the currency board systems.) rate and the currency board system in Hong Kong in October 1983). I was also impressed by the fact that the burgeoning freedom in capital movements, albeit on a very modest scale compared with today's enormous flows, saw the damise of the Bretton Woods system in the late 1960s.

the Bretton Woods system in the late 1960s.

There are, of course, many solutions. First the varying chances and degrees of realign-ment may render the exchange rates uncertain. But of course this would negate the objective of some short-term stability. Second, the members could control capital movements by regu-lation and exchange controls, usually buttressed by forms of credit rationing. This is what all the members, with the ex-ception of the banker Germany and the Netherlands, practice. Third, there could be some reforms towards currency boards, or similar variants, based on the

At present the EMS is some

Letters to the Editor

mixture of the first two alter-natives. Whether you regard this as desirable or not depends popular and well received by on your attitude to the efficacy and equity of exchange controls - and I suspect the corollary of domestic credit rationing. A. A. Walters. Washington 2820.

Trading on Sunday

From Mr B. Pearce Sir,—Now the debate in Parliament on Sunday trading has occurred should not those who have to enforce the law carry out their duty even if it is diffi-cult? Bad law ar not it is the law and it is the duty of the relevant authorities to carry out their obligations. There is no element of eboice. Is not there a parallel to be drawn with those rate? who fail to set a legal B. Anthony Pearce, Burton Lane Farm,

Goff's Oak, Waltham Cross, Herts.

Rights against solicitors

From the Honorary Secretary, Dudley & District Law Society

Sir. - I am writing in reply Sir. — I am writing in reply to Dr Hermann's article on the lagal profession of April 17. No organisation is perfect, but to put the matter in perspective I would venture to say that at the present time and even more so in the future with the various proposals, the public has more rights against sollcitors when dissatisfied than is the case with any other profession or indeed any organisation. While Dr Hermann is nuhappy with the complaints pro-While Dr Hermann is nnhappy with the complaints procedure, he merely glosses over
the fact that the independent
lay observer in no case critieises the final decision of the
Law Society; ha then ignores
this satisfactory state of affairs
and complains about the system.

He complains about the future proposals for shoddy work, the charging of fees and the lack of remedies for negli-gence. In all these fields though the procedures may not be perfect, at least the public has some redress. Can Dr Hermann point to others with such comprehensive, albeit not perfect,

remedies? I would have thought that Dr Hermann's energies could be better directed to many other more unsatisfactory areas in the consumer field. It is probably

popular and well received by the public.

David Stephenson. Kildonan, Moypole St, Wombourne, Staffs.

The company

From the Director, Society of Motor Manufacturers and Traders

Sir,—You reported (April 23) that the Liberal Party has Issued a paper advocating "Full taxation of company cars." The publication of this paper eannot go by without comment; it mis-understands tha role of the company car in commerce and industry in this country.

The private benefit gained by the company car user is usually marginal and most have to own a private car for demestic pur-

The attack on the company car arises from the attention given by those motivated by envy to the small number of "perk" cars. The vast majority of company cars on the roads are required by husiness executives as less than the company cars on the roads are required by husiness executives. are required by husiness executives, salesmen, service engineers and ofhers for the efficient performance of jobs on behalf of their employers.

The taxation of the private benefit of the company car is, in the majority of cases, well in excess of the private benefit actually enjoyed. Further increases in taxation could be damaging to British commerce and industry generally, and to the motor industry upon which so many jobs and so much advanced technology in this country depend. try depend. Anothony Fraser.

The price of

From Mr T. Simms Sir,—Mr Fletcher's simple analogles of the national economy and oil reserves (April 19) would be more complete if analogies of the national economy and oil reserves (April 19) would be more complete if he were to use as much oil as he drew from his imaginary private oil well. Nevertheless, the scenario he sketches is a formal and, incidentally, minimum wage rules or union imposed waga levels make a nonsense of further expansion in the labour the scenario he sketches is a good representation and per-haps better for its simplicity. It is the conclusion he draws in his last paragraph that prompts me to write.

regarded more as a form of capital than as earned revenue when it is lifted, decisions on rates of extraction are determined more by perceptions of, and attitudes to immediate and short-term needs and concern or otherwise for the welfare of other consideration. Price is as much, if not more, a result than it is a determinant of such

it is a determinant or such decisions—as evidenced by the recent collapse in oit prices.

Before "sacking his financial manager on the spot," presumably Mr Fletcher would have checked the performance of the processory. enecked tha performance of the nufortunate incumbent against the brief he was given. By the same token, tha Chancellor's (and the Government's) performance should be checked against the mandate we gave them. If we did not express enough concern for our longer term future and future generations of our people, we can term future and future genera-tions of our people, we can bardly blame the Government for seemingly placing this lower down on the list of priorities than perhaps would have been prudent for a long term stra-tegy. After all, in a "democ-racy," governments can only do what the electorate mandates and allows them to do.
One wonders what hrief Mr
Fletcher had in mind to give to
his imaginary financial man-

ager. Terry Simms 8. Hoden Lane, Cleeve Prior, Nr Evesham, Worcs.

Expensive to

work From Mr R. Musgrave

Sir, There is a simple solu-tion to the problem Mr Franklin (April 23) highlights that millions of people are little or no better off working than on unemployment benefit. The solution is to make the benefit conditional on doing some work. This solution is working well and rapidly expanding in America (where it is called Workfare). In fact there is no need for this type of work to be con-fined to the public sector or

privata non-profit sector. In short, if government instead of offering money to claimants for free, hands the money to an employer, and tells the claimant to go and make himself useful to the employer, the employer will be able to create some sort of work. In economics jargon, the marginal product of labour in any firm declines as numbers

force. A Workfare type system

circumvents these two obstacles R. S. Musgrave. The Boat House. Ghyll Heed, Since oil is a non-renewable Winderme resource and therefore to be Cumbria.



PROFIT FROM AWIDER VIEWPOINT.

Sadly, it isn't possible to read the future.

Which is why you should read

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GO STRAIGHT TO THE TOP

THE WALL STREET AN EVAL

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FINANCIAL TIMES

Monday April 28 1986



Terry Byland on Wall Street

Investors buy some insurance

LAST WEEK'S substantial setback in the federal bond market - which failed to bold a recovery on Friday bas not yet upset the equity sector

Perbans the stock market has become sufficiently secure in its optimism over corporate profits to unlatch itself from the bond market. Or perhaps not, in which case any further rise in long-term bond yields will, sooner or later, take its toll of stock prices.

While there is still no shortage of bulls about, who believe that the Dow Jones industrial index will scale the 2,000 harrier very shortly. there are also those advocating more careful investment strategies.

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Technology issues, which made the running when the bull phase opened, are now moving more erratically, often dependent on IBM for a lead. The market is beginning to look for sectors with relatively undervalued recovery prospects.

Stocks among the property/casualty insurance leaders find increasing support as the quarterly results from the sector show just how suc-

Company	Stock (S)	P/E
American Int (AIG)	1281/2	23
Chubb	72%	38
General Re	117%	40

cessful some of the hig names bave been in riding out the serious problems besetting the industry.

Yet recoveries of 30 per cent to 40 per cent property/casualty stocks since autumn 1985 do not match that of the industrial stock market overall. The well-publicised disasters in some areas of property/casualty, chiefly in medical, product and state liability insurance, bave held the stocks back. As usual, the efficient who have switched away from the problem areas and raised their rates wherever possible, have been penalised together with the less

Yet for those groups which have already achieved a strong rebound in earnings, the momentum is likely to continue throughout the current year and probably beyond. Many companies have reduced their presence in property/casualty insurance, and those major manufacturing companies, such as IBM, which have taken on board some of their own insurance liabilities, will be bappy to relinquish them when the weather turns better. All this The 12 finance ministers must estimated to cost Ecu 380m in 1986 will mean more business for the big now decide whether they simply acand Ecu 600m in 1987. names which have resbaped their

Chubb Corporation, which recentthe industry by disclosing a 138 per cent jump in first-quarter earnings. still trades at a 25 per cent earnings discount to the industrial stock

Yet Chubb seems to bave succeeded in eliminating the dangers of future claims against its medical malpractice divisions by its reinsurance agreement with Sun Alliance and London Insurance of the UK. A \$173m charge taken against last year's earnings leaves Chubb to benefit from the improved insurance environment in the US.

The firmness of the Chubh stock price over the past two months indicates that the institutional stockholders have taken a positive view of medical malpractice reinsurance. Chubb probably bas the strongest case in the industry for a re-rating of its stock price. But a similar, if modified, case can be made elsewhere.

The substantial unturn in fortunes at American toternational Group (AIG) has caught the attention of the stock market and the stock has paced the market since the turn of the year - outpaced it, in fact, allowing for the sale of nearly 3m new sbares in January.

AIG has followed both the available paths to recovery. It has raised its prices sharply in the commercial property/casualty market, boosting It has also tightened up its domestic hrokerage business, ridding itself of unprofitable and unwanted accounts and tightening policy writ-

ing on the profitable areas.

General Re, the largest US reinsurance group, was another to take advantage of the strength of its stock price to sell 3m new shares earlier this year. The sale slowed up the growth in the stock price hut at present levels, there still seems much to go for. The shakeout in the reinsurance market brought a flight to quality which bas done General Re nothing but good. Premium volume on its reinsurance of domestic business has more than doubled. and there is no sign of a slackening

Only one factor could seriously upset the recovery of the property/ casualty insurers, and unfortunately that factor showed up on the market horizon last week. If the long fall in interest rates is now over and last week's jump in longterm bond yields represents a new trend, then the palh of the insurers will be less rosy. Even so, the outlook for the efficient insurers must still be rated bullish.

WALL ST ACQUISITION ILLUSTRATES TRENDS IN US FINANCIAL MARKETS

Why Kidder sought GE capital

GENERAL ELECTRIC'S \$600m acquisition of an 80 per cent stake in Kidder Peabody, one of Wall Street's longest established private investment hanks, encapsulates two current trends in the US financial markets.

First, it demonstrates the growng interest of a handful of old-time industrial and commercial companies in the financial sector. Second, it underscores the inexorable drift towards greater size among the Wall Street securities houses.

On the face of it, General Electric, a manufacturing giant best known for its locomotives, power generating equipment and kitchen appliances, is an unlikely partner for an investment bank. But its move into Kidder came as no great surprise to Wall Street. There has been a persistent buzz of speculation that both GE and General Motors, among others, bave recently heen running their slide-rules over several securities companies.

The logic is straightforward: both have large and growing financial subsidiaries, both have achieved generally higher profits in the financial sector than in their manufacturing businesses, and both have balance sheets that could be profitahly put to work in the capitalbungry securities business.

GE's thrust into finance bas come

technology and service sectors aims that were neatly combined in its 56.3bn purchase last year of RCA, the electronics, defence and broadcasting group.

Finance has emerged as a leading service business from the group's historic activity in consumer and corporate lending, to recent years this commodity-type business, aimed at facilitating the sale of GE's products, bas been turned into something much more potent. The group has launched into leasing, insurance and the funding of leveraged buy-outs, where it has become one of the leading backers of managers trying to finance the acquisition of their companies.

The Kidder acquisition adds a new dimension to these burgeoning hanking-type activities, in which GE bas assets of more than \$22bn at present. "We are principally in the husiness of the financing of assets," says Mr Robert Wright, chief executive of General Electric Credit Corporation (GECC). "Kidder Peabody is in the business of tracking. advising on and arranging those transactions. The issue of matching those skills to ours is a critical one

Neither side was prepared to say last week exactly how this matching would be done. But there are certain areas of common interest in tandem with a general refocus-ing of its business on high-growth the other. In leveraged buy-outs, for

example, GE will now have a potential distribution network for the paper it creates in financing deals. Equally, Kidder should be able to raise its profits and go after bigger transactions with the backing of GECCs balance sheet.

Similarly, in the consumer finance for cars and bousing, the combination of the two companies provides the opportunity for in-house "securitisation" of GECC's substantial loan portfolio. Securitisation, in which a large number of relatively small loans to house or car buyers are bundled together and sold on as bonds, has grown by leaps and bounds on Wall Street over the last five years. In the past, GE has had to turn to a third party as a distribution agent in this area.

agreement is the access to capital that the link with GECC will give it. Described by one of its competitors as a conservative, well-re-spected, but not too adventurous earning a steady 20 per cent or \$50m in debt.

more on equity since the beginning of the decade. But it had neverthe Wall Street's to less come to the conclusion that its partnership-type structure - it bas about 500 employee-shareholders among a workforce of 8,000 - made

it difficult to generate sufficient

From Kidder's point of view, by

far the most important aspect of the

rapidly-growing trading volumes and global development in the securities markets.

While other medium-sized private Wall Street firms have faced similar problems in recent years, the solution of going to a large industrial group for fresh funds is a new one and likely to prove controversial because of the potential conflict of

What evidently swung Kidder behind the deal was the belief that this type of arrangement will be extremely flexible, keeps it out of the messy business of having to cope directly with public shareholders, and was as profitable to insiders as any of the alternatives. GECC is paying a little over 2.5 times book value for its 80 per cent, reportedly leaving some leading shareholders with fortunes of over \$40m.

The growth in the capital base which Kidder is looking for has al-ready started. As part of the trans-Firm," Kidder has proved highly profitable over the last few years, earning a steady 20 are well as the standard and a steady 20 are well as the standard and a steady 20 are well as the standard and a steady 20 are well as the standard and a steady 20 are well as the standard and a standard action, GE is contributing a further

That still leaves the group outside Wall Street's top 10 of most highly capitalised banks but it gears it for much more rapid development under the terms of the capital split, every time Kidder generates another dollar for expansion, GE will chip in a further \$4.

Ginza gets

Tokyo's

message

By Carla Rapoport in Tokyo

HUGE pictures of Botticelli's Venus

and Mr Yasuhiro Nakasone, the

Japanese Prime Minister, were dis-

played in Tokyo's Ginza shopping district yesterday as Japan launched "Import Now," a pre-sum-

mit publicity campaign intended t

surplus with the West.

reduce Japan's embarrassing trade

"Tie hands with foreign countries

through imports," and "Through im-

ports let's increase nice goods and

nice relationships with foreign

In front of the Sony building, for-

free to allcomers, along with a mes-

sage from Mr Nakasone. It said im-ports "will build an affluent Japan

not isolated from the world, while

assisting in the development of for-

From the foreigner's point of

view, however, the imported gifts

Indeed, the opening ceremony, sponsored by the Ministry for Inter-

modest crowd of Sunday shoppers

Across the street ultra-rightists

blared out the Japanese national

anthem from speaker vans covered

in anti-summit banners.

None the less, Miti officials were

undaunted. "Importing is the highest policy priority," Mr Hideo Na-

kanishi, deputy director of Miti's import division said. "In the 50s and

60s Miti told people to buy Japanese

goods, now we must tell them to

Import drives bave been going on for years in Japan. This particular nne will include 3,400 import

bazaars at department stores and government huildings in Japan.

and shipped months in advance, very little of the yen's recent appre-

ciation has resulted in lower prices

for imported consumer goods. Even so, optimists exist. Look at panty

bose," said Ruth Anne Wolfe, a

manager at Seibu department store in ceotral Tokyo. "These Burlington bose are selling for Y500 (\$2.97). We

bought them direct from the manufacturer in the US. Our supplier in Japan can't make the same thing at

that price. And the American panty-hose have sandal-foot toes, which

the Japanese don't." Seibu has so far bought 1,000 pairs of the US tights - in large sizes only - for for-

As imported goods are ordered

change their ways."

eign countries."

British passerby.

countries, read huge Japanes banners hung in the district.

import

THE LEX COLUMN

Now you see it, now you don't

Whether or not Distillers and Imperial retain their cornorate identities, they are finished in accounting terms. By the time Guinness and Hanson Trust next produce a set of annual accounts the assets and liabilities of their new subsidiaries will be indivisible from those of the rest of the group. The alert reader may spot their profit contri-bution tucked away in a note and a technical accountant might even bazard a guess at the revised value of their essets. But, as distinct accounting entities, they will have ceased to exist.

There is nothing sinister about this disappearing act. Acquisitions are consolidated like another subsidiary and their operations may well be parcelled around the group. making a nonsense of separate disclosure. But what increasingly bothers some accountants - not least those retained by vulnerable companies - is the room for manoeuvre afforded by acquisition accounting.

Fair value

In the good old days when companies were taken over at below asset value, boosting profits was a straightforward matter. The price paid could properly be interpreted as the "fair value" of the assets, so it was easy enough for the offeror to reduce the depreciation charge in its new subsidiary by writing down its new subsidiary by writing down the reduce of plant and equipment. still common in mammacturing takeovers, an extreme example be-reserves at par value, removing the ing provided by BTR's acquisition of Dunlop. It is not possible to establish the new value of Dunlop from the 1985 accounts published last week but the notes do provide the odd clue. Goodwill of £107.7m has been

charged against reserves, a figure which roughly corresponds to a goodwill item of £113.3m in the flow of funds statement. By the time BTR bought it, Dunlop's net worth of minus £136.7m. The comparable had shrunk to £83m. After fair valingure in the last published balance ue accounting, those assets appear sheet was minus £57m so, even alto have been replaced by net liabilities of £45m. Even BTR's worst enproblem is that it is not possible to impossible to quantify.

1980 81 82 83 84 85 track through the depreciation charge the effect of the write-down

DUNLOP

HOLDINGS

or even to establish whether a subsequent disposal has allowed a profit over the written-down value to be taken through the revenue account. addition to adjusting asset values, acquiring companies charge against reserves provisions for future reor-

well, rather large. In its 1985 accounts, Guinness charged £45.5m as provisions for liabilities; and charges on acquisitions. Burton for the purposes of an acquisition can be credited to parent company need for a share premium account. The difference between par and market values can then be used to establish what amounts to a goodwill reserve, against which such provisions can be written off.

The Burton accounts would appear to go a stage further. The new Debenhams balance sheet is presented in brief and shows current assets less liabilities and provisions figure in the last published balance lowing for the cationalisation provi-

All these adjustments must be approved by the auditors and there is no evidence that any company has failed to conform with the appropriete accounting standards. But the acquiring company does have considerable latitude in establishing provisions and fair values, which is not always apparent from the accounts. Dixons, for example, has not specified in its accounts how it treated the credit scheme profits it acquired with Currys. Before it was taken over. Currys re-cognised profits on credit sales only as the cash was received over the period of the credit agreement. Dixons has now subcontracted the Corrys credit scheme but it is impossi-ble to deduce from the accounts whether the stored-up profit was treated as a pre-acquisition item on the balance sheet, which would be aken through the revenue account. the conservative approach, or But that is only the start of it. In whether part of it has flowed. through subsequently to the reve-

mue account. To ask which is not mere pedantry. ganisation costs. Two recent sets of Dixons is using paper valued at 40 accounts show that these can be, times historic earnings to bid for Woolworth and it owes that rating in large measure to its success in revitalising Currys. There is no doubt that Dixons has done an excellent job as a retailer but there is: simply no way of telling what, if anything, acquisition accounting contributed to the surge in profits. Reported earnings can, for exam-ple, be altered significantly simply by moving an acquisition on to the accounting policies used by its new parent. And the timing of an acquisition can also make a difference. Dixons, for example, consolidated. Currys for the last 21 weeks of its financial year ending in April, and weighted the issued share capital accordingly. This was undoubtedly the correct approach but it did have the effect of boosting 1984-85 earn--ings-per share, since it took no account of Currys' bias towards Christmas profits.

The responsibility for ensuring that published accounts properly reflect the effect of acquisitions lies with both the auditors, who may incline towards leniency, and with the emy would not blame it for writing gone missing. If Burton has, for exdown Dunlop assets. As an independent company, Dunlop was condent company, Dunlop was constrained by the size of its capital

similarity, and will the market itself. Acquisition accounting is market itself. Acquisition accounting is a painfully complex area—
merger accounting is none too
strained by the size of its capital

might accrue to the revenue acstraightforward either—but it willbase from taking a rigorous view of count. But since Burton did not only begin to make sense if compa-fair values. On a highly conservative even specify the Debenhams trad-nics spell out the accounting consetive treatment, it would have ended ing contribution in its recent inter--quences of a takeover more clearly,

EEC's finance ministers face decisions on cost of farm deal

BY QUENTIN PEEL IN BRUSSELS

FINANCE ministers of the European Economic Community (EEC) must today decide how to deal with the results of the farm price agreements negotiated by the farm ministers last week which amount to a demand for more than Ecu 1.5bn (\$1.46bn) in extra cash this year.

The excess farm spending seems certain to be incurred in spite of an unprecedented acceptance of budgetary restraints by the farm minis-ters in their five days of talks. West Germany was prevailed upon to adopt the main elements in the price freeze package proposed by the European Commission, including a 3 per cent tax on cereals production and a 3 per cent cut in milk quotas in an effort to curb the food

surpluses. The 12 finance ministers must cept the outcome - and therefore send the package back to farm minomies. Bonn would favour making agriculture the top priority but the Mediterranean states will battle to Most of this year's destocking, at

timate that the absolute limit available for extra farm spending in a supplementary budget this year is no more than Ecu 920m - leaving a shortfall of some Ecu 600m.

The extra Ecu 1.5bn on the farm budget is said by agriculture officials and farmers to be the result of factors beyond their control - and therefore, they argue, it should not be paid for by the farm sector. The main factor is the fall in the

which is likely to add some Ecu 850m to the cost of EEC farm export The recent re-alignment of the European currencies within the European Monetary System, which effectively devalued the French franc

by 8 per cent against the D-Mark, is

US dollar against EEC currencles,

The third big element in extra impose spending cuts to other areas such as social and regional spending of the EEC food mountains - the ing later this year - or whether they cereals, beef and butter in storage at a time of weakening internationisters and insist on further econ- al prices, with the US threatening

Most of this year's destocking, at defend zonal and regional outlays. a cost of some Ecu 1.1bn, is sup-Community financial officials es- posed to be financed by other say-

ings in the farm price package - to cluding the revenue from the 3 per cent "co-responsibility levy" which cereal farmers will now have to

The key to the farm price deal which was agreed on Friday was the devaluation of the "green" currency rates of all the member states except West Germany and the Netherlands. The move will soften the impact of the price freeze by granting effective price rises for some products ranging from 3 per cent in Britain and France to 5 per cent in Italy.

In the end, Mr Ignaz Kiechle, the West German Farm Minister, was isolated in his rejection of the package, with limited support from Spain and Luxembourg.

The ministers agreed on the 3 per cent co-responsibility levy and higher quality standards for cereals both amounting to a disguised price

They weakened the package by postponing any decision on the Commission's plan to phase out intervention buying for beef, and they decided not to cut the price of butter, in spite of a huge surplus of some 1.1m tonnes.

Editorial comment, Page 16

Attacks on Britons, **Americans**

personnel in Italy and imposing res-

trictions on the freedom of movement of those remaining. No decision bas been taken about the future of the estimated 4,000 Libyans officially resident in Italy. Terrorism and relations with Lib

British Prime Minister met he battle against terrorism. The disagreement between the

British Government as a further step in countering terrorism. ing US military action against Iran and Syria if they were proved to be involved in terrorism.

Big Bang law may face delay in London

Continued from Page 1 ment is expected to make its latest position clearer on some of the main questions during the next few

International securities firms, which have so far operated in the London-based Euromarkets essentially without regulation, have argued that the bill is framed largely

out the firm's celebrated history." Mr Chaney says.
Tiffany has had a rather che-

quered career and various owners during its near 150-year history.

AT&T to cut trunk-call charges by \$1.5bn

AMERICAN Telephone & Telegraph (AT&T), the US telecommunications group, plans to reduce its domestic long-distance telephone charges by \$1.5bn, including an overall 9.5 per cent price reduction in its basic long-distance service.

The sweeping cuts in telephone charges - which are larger than expected - will increase financial pressure on AT&T's cut-price rivals. They include MCI Communications, which recently acquired IBM's lossmaking Satellite Business Systems (SBS) subsidiary and GTE Sprint, which is planning to merge with United Telecommunications' longdistance subsidiary.

AT&T's move could trigger another round of fierce price competithe US industry.
The scale of the cuts makes clear

AT&T's determination to stem the erosion of its large customer hase. Despite the growth of its rivals since deregulation of the industry. tions, about 70 per cent of long-distance telephone traffic in the US. If approved by the US Federal Communications (FCC), the price cuts, which will mostly benefit business customers and day-time callers, will take ef-

fect on June 1 - timed to coincide with an increase in the federally imposed local telephone subscriber line charge from \$1 to \$2 a month. Among specific price reductions which AT&T has proposed are cuts in long distance rates of 11.4 per ceot during the day and of 2.7 per cent at night and at weekends. Rates for long-distance services targeted specifically at business cus-

tomers will also be reduced substantially. to the UK, as a result of the scheduled start of operations by Mercury next month, prices of trunk and international calls have also been falling.

BT plan to raise \$500m. Page 6; Telefónica listing, Page 21

Stresto
Sydney
Taipei
Tarquer
Terente
Terente
Toronta
Toronta
Toronta
Valencia

Continued from Page 1

ing 10 of the 47 Libyan diplomanc

a loomed large on Mrs Margaret Thatcher's weekend agenda. The French counterpart, Mr Jacques Chirac, for the first time since his election victory in March. The two leaders agreed that the western democracies needed a common ef ficient and reasonable stance in the

two governments over the justification for the US raid on Libya did not create any real problems, said Mr Chirac after his three-bour meeting with Mrs Thatcher. Cancellation of existing arms contracts that British companies have with Libya is one of several

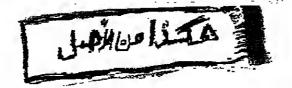
options being considered by the In a BBC interview, Mrs Thatcher forthrightly refused to rule out the possibility of Britain's support-

Tiffany reopens

Continued from Page 1

Tiffany's return to the European market reaffirms "the company's commitment to its international clientele which has represented an important customer base through-





SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Monday April 28 1986



INTERNATIONAL BONDS

Wall Street casts a long shadow across Europe

THE Eurobond market was likely of consolidation. It is heavily over to become sick from a surfeit of recent issues last week. The process, however, turned out to be more violent and unpleasant than anticipated. The dollar plummeted on foreign exchanges, sending the Trea-sury long bond tumbling by eight points on the week, writes Clare Pearson in London.
The fortunes of this benchmark

stock cast a long shadow across both Eurodollar and the so-called currency sectors all week so that trading was nervous and thin. tail investors stayed on the side-

Having seen the Treasury market move so erratically, traders left their desks on Friday night with continuing unease. US Treasury auctions are scheduled for next

With the dramatic fall in the dollar making further US interest rate cuts soon increasingly unlikely, traders see no light at the end of

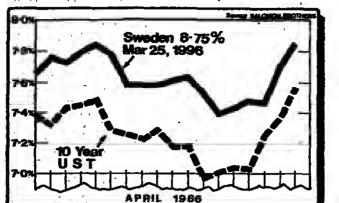
The markdown in prices was a necessary correction but, at best, the market may now enter a period

loaded with paper, and some bank-ers fear that fading hopes for lower interest rates could even start a classic sell-off.

seem out of fashion. Even a "bluechip" issue, such as Petro-Canada's \$100m 7% per cent 1996, traded significantly outside fees on Friday afternoon. The week's new issues for corporate borrowers floundered. with Mountain States and Olympia & York'a bonds bid at discounts well outside their fees.

That left floating-rate notes and equity-related issues as two small bright spots last week. Despite a more fragile tone to the Tokyo stock market dollar bonds with warrants into Japanese abares relentlessly traded over par, and the week saw the usual crop of such is-sues. That for Sekisui Chemical was quoted at 119 bid and that for Sumitomo Realty at 120 bid on

The dollar floating rate note sector reaped the rewards of weeks of low new issuing activity and although turnover was low, there was



Some new issues did not take ad- ranged between 1/2 end 3 points. vantage of this because they were tightly priced or subordinated, thus limiting interest from UK investors. However, Citicorp's generous 'A point spread over the London interbank bid rate ensured buying interest from Japanese if not

deals had been effectively placed. Price falls in the secondary mar-This cloud may, however, have a sildemand for high-quality paper. kets of the "currency" sectors

At the start of the week, yields on Ecu bonds were about 50 basis points below their theoretical average based on interest rates in component currencies. By Friday this difference bad narrowed to 15 basis points. Bankers were hoping that, given a reasonably stable exchange rate environment, the market could stabilise with yields around 7 per

In the sterling market, turnover was low as Eurobond traders watched gilt traders watching New York, and there were no positive dostic factors to offset post-base

A long-dated sterling issue for a UK borrower, Wellcome, surfaced While the reception to this bond was reasonably good, traders report that most long-term sterling issues, a crop of which has appeared since ipation of a further rally, was hit March, seem vulnerable to a mar-particularly hard. On Friday, a new ket fall. European investors have steered clear of them recently and domestic demand has diminished with the passing of earlier market euphoria.

The much-heralded arrival of the UK domestic corporate debt market

began to look like a function of a bond rally and not an established option for raising funds, bankers

Elsewhere in Europe, the D-Mark sector started the week with dim hopes of a discount rate cut, extinguished by mid-week. Trading was thin and prices were marked down by up to one point. The Swiss franc market continued oppressed by high short-term rates, though bonds for housebold names continued to

The Canadian and Australian dollar markets continued to suffer from an overhang of paper although selling pressure was not strong. The Australian dollar market saw a crop of issues for Italian borrowers. Traders report that there is a surfeit of paper for Italian and German issuers at the moment

 Morgan Stanley's issue of warrants to buy Royal Dutch Petro-leum shares includes a provision for holders to buy one share with two warrants and not two sbares with one warrant, as stated in Friday's Financial Times.

Li Kashing to act on tribunal finding

BY DAVID DODWELL IN HONG KONG

CHEUNG KONG, the Hong Kong clause" that enabled Everbright to flagship company of Mr Li Kashing, has challenged the findings of an that found Mr Li and three other Cheung Kong executives guilty of culpable insider dealing. The Insider Dealing Tribunal, nn-

ly the second to be appointed by the Hong Kong Government, was set trading in the shares of International City Holdings (ICH) in the first half of 1984. ICH is controlled by Cheung Kong. ICH was at that time involved in

an abortive HKS900m (US\$115.6m) property deal with a subsidiary of Everbright, the Peking-linked group beaded by Mr Wang Guanying, one of China's leading "red

The share price of ICH moved vilently during the period under re-

Only on withdrawal did it become

widely known that the original volved in insider dealings for their ageement had included a "break personal account.

cancel the deal at no cost. A total of eight executives were censured by the tribunal. Starpeace, a share-trading subsidiary of Cheung Kong, was also found guilty of culpable insider

dealing, Mr Chow Chin-Nn, a director of Starpeace and ICH, and fi-nancial controller of Cheung Kong, arranged the sale of 56m ICH shares held by Starpeace during the period under investigation. Mr Chow was found by the tribu-

nal to have "a high level of culpabil-ity." Mr Li, who "demonstrably fed relevant information," to Mr Chow. was also found to have a high level of culpability. Cheung Kong at the weekend challenged the conclusions of the tribunal, saying it did not agree that its executives, the company, or Starpeace were involved in culpable insider trading "either individually nr as a group." It pointed to the tribunal's finding

that no executives bad been in-

CREDITS AND EURONOTES

Dai-Ichi Kangyo pulls off French coup in Eurocredit market

pulled off a coup in the Eurocredit fered rate (Libor). The first tranche market by becoming the first Japanese bank to win a sole mandate from a state-guaranteed French borrower. The deal, appounced on Friday, is an Ecu 125m term loan Its life. and revolving credit for Caisse Nationale des Télécommunications, writes Peter Montagnon in London.

It quickly became a talking point not just because Dai-Ichi had snatched the mandate from under the noses of its foreign competitors but also because the terms are predictably tight and the structure unusually complicated.

The credit is divided into two bullet maturity and each bearing in-

New Issue

is an Ecu 100m standby loan while the balance is a term loan of Ecu 25m. which the borrower is committed to keep fully drawn throughout

The idea is that the 30 basis point utilisation fee on this portion will mark level of five basis points. compensate banks for the total absence of any facility fee. On a straightline average this works out at a commitment fee for the whole facility of six basis points a year. Once CNT draws on the revolving loan, the utilisation fee drops to 25. basis points, though the minimum fee can continue to substitute for a

These figures assume that banks give an effective margin of 1/4 per would be prepared to lend to CNT for eight years at Libor flat. If a notional loan margin is incorporated into the calculation the value of the utilisation fee as a substitute for facility fees shrinks accordingly and could quickly drop below the bench-

That, of course, would stimulate Electricité de France, which is preparing a much larger programme, to seek even tighter terms, but Dai-Ichi argues that it is wrong to factor in a notional margin, Many Euronote facilities these days do not aldrawing on this portion must be at low for any utilisation fee if small least Ecu 30m so that the utilisation. amounts are drawn. In this case the utilisation fee is a generous one and the deal, if fully drawn, would still

cent over Libor.

This argument seems to have von the day. The deal, which is a club operation, was quickly put to-gether on Friday and only three of the five participating banks were

The Ecu market, where rates on

recent issues had been set in antic-

bond for European Investment

Bank was bid well outside its fees

and bankers said none of the new

One advantage this deal has is that it is at least a credit rather than a Euronote facility, even if the bulk of it takes a standby form. There is growing evidence in the Euromarket that banks are growing tired of underwriting Euronote facilities on very fine fees and any-thing which leaves out this option is rally greeted with relief.

April 1986

the first two years of its eight-year life, has, for example, done very well in syndication and is now over subscribed. Banks are considering an increase, though by a maximum

of only \$50m to \$300m. Also launched on fine terms last week was a \$61,5m, five-year credit for Isveimer, Italy's regional development authority. This carries a margin on drawings of 10 basis points and a commitment fee of 8% points, ft is led by J. Henry Schroder Wagg and Fuji Bank.

In the Eurocommercial paper market SNCF is preparing a \$594m programme that will be backed up by its \$600m facility arranged last Hungary's latest deal, which car- year. The launch of stand-alone ries a margin of just 4 per cent for commercial paper, separate from

standby facilities, is a growing fash inn in this market.

Last week Nationale Nederland en, the Dutch insurance company, launched a \$325m paper programme which will be integrated inm the loan facility arranged for it by Bank of America last year. All 24 banks on the tender panel for this operation will be invited to become dealers though some will obviously be more active than others. Elsewhere Morgan Guaranty and County Bank have put a \$100m paper rogramme in place for Nippon

In the sterling market National Westminster is arranging a £50m, seven-year credit facility for John Mowlem, the construction

Skanska profits drop

BY DAVID BROWN IN STOCKHOLM

SKANSKA, the Swedish constructinn and investment group, reported its profit before allocations taxes for 1985 fell from SKr 919m (\$131.2m) to SKr 811m, and ennced the resignation of Mr Birg-

EUROMARKET TURNOVER

dary Market 27,872.0 1,142.2 16,303.5 26,067.6 1,241.2 16,782.7 14,350.9 284.9 1,880.0 13,163.8 216.6 2,536.6 16,603.2 37.291.7 15,146.1 11,096.7 10,550.3 Source, AIBD

er Loewhagen, its president. He will be replaced by Mr Lars-Ove Haakansson, first executive vice president. The final result was somewhat below the earlier forecast made at

the nine-month point for earnings of SKr 850m. This was attributed to delayed settlements on several important contracts. Profitability in the domestic con-

struction market has further eroded due to overcapacity and higher costs. However, there were signs that the prolonged fall in building investments had been stemmed. House building continued to slide but industrial construction picked up sharply. Income on property and financial management also improved last

However, the group expected 1986 earnings to be unchanged on those achieved last yeer.

These Bonds having been sold outside Australia, this announcement appears as a matter of record only.

BANK HEUSSER & CIE AG

Banque Kleinwort Benson SA

Crédit Lyonnais Finanz AG Zürich

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BANQUE INDOSUEZ, SUCCURSALES DE SUISSE BANQUE SCANDINAVE EN SUISSE COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS, CBI MANUFACTURERS HANOVER (SUISSE) S.A. SAMUEL MONTAGU (SUISSE) S.A. Bank Oppenheim Plerson (Schweiz) AG

> LTCB (Schweiz) AG The Royal Bank of Canada (Suisse) Daiwa (Switzerland) Ltd. Handelsfinanz Midland Bank

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This announcement appears as a matter of record only.



New Zealand Synthetic Fuels **Corporation Limited**

'U.S.\$100,000,000

Note Issuance Facility

Arranged by

Bank of New Zealand

S. G. Warburg & Co. Ltd.

Provided by

DFC Overseas Investments Limited Fuji International Finance (HK) Limited

Mitsui Trust Bank (Europe) S.A.

ANZ Merchant Bank Limited

Banca Nazionale dell'Agricoltura

The National Bank of New Zealand Limited

Dai-Ichi Kangyo International Limited Mitsubishi Finance (Hong Kong) Limited Tokai International Limited

> Bank of New Zealand Monte dei Paschi di Siena Singepore Branch

BankAmerica Capital Markets Group

Sanwa International Finance Limited

Tender Panel

Banca Nazionale dell'Agricoltura Banque Paribas (London) B.S.F.E. – Banque de la Société Financière Européenne Citicorp Investment Bank Limited County Bank Limited **DFC Overseas Investments Limited** First Interstate Capital Markets Limited Puji International Finance (HK) Limited Italian International Bank Plc Manufacturers Hanover Limited Mitsubishi Finance (Hong Kong) Limited Monte dei Paschi di Siena Morgan Stanley International

Sanwa International Finance Limited

Tokai International Limited

Bank of New Zealand Banque Internationale à Luxembourg BIL (Asia) Ltd. Chemical Bank International Limited Commerzbank (South East Asia) Limited Dai-Ichi Kangyo International Limited **EBC Amro Bank Limited** First Chicago Limited Goldman Sachs International Corp. Lloyds Merchant Bank Limited Merrill Lynch Capital Markets Mitsui Trust Bank (Europe) S.A. Morgan Guaranty Ltd PaineWebber International Shearson Lehman Brothers International

Union Bank of Switzerland (Securities) Limited S. G. Warburg & Co. Ltd.

Tender and Facility Agent S. G. Warburg & Co. Ltd.

Issuing and Paying Agent

The Chase Manhattan Bank, N.A.

April, 1986

Société Bancaire Julius Baer S.A.

Bank in Langnau

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Sell-off raises doubts about viability of rally

THE US credit market rally came to a sbuddering halt lest week as investors, unsettled by the sharp decline in the dollar, leunched e sell-off which Salomon Brothers called "the largest one-week price retreat in history.

The dollar fell to a post-war low against the yen and to four-year lows egainst the D-Mark and sterling following the FED discount rate cut.

As Dr Henry Kaufman of Salomon Brothers notes, the events leading to the sell-off —which saw prices et the long end plunge by almost six full points and the Treasury long bond yield jump by 40 basis points io just four days—" cast doubt on the continued viability of the rally."

Nevertheless he, like other senior Wall Street economists, remains cautious about calling the turn. "It is not clear that the rally is finished." Dr Kaufman says. That view would have to be confirmed by an improving outlook for economic growth." Mr Paul Volcker, chairman of

the Federal Reserve Board, in-dicated in congressional testimony last week that he is concerned about the unwilling-ness of West Germany to join the co-ordinated move to lower

	<u>Last</u> Friday	1 week ago	4 wks ago	—12-ta High	onth- Loy
Fed Funds (weekly average)	7.04	5.92	7.31	B.91	6.9
Three-month Trosaury bills	6.15	5.87	5.34	7.89	5.7
Six-month Treasury bills	6.21	5.83	0.32	8.14	Б.7
Three-month prime CDs	6.60	5.42	7.18	8,40	6.4
30-day Commercial Paper	8.55	5.38	7.26	8,20	6.3
90-day Commercial Paper	6.45	8. Z 5	7.05	8.25	6.2

interest rates. He suggested that both Japan and West Germany have "considerable growth potential."

Mr Volcker also voiced his concern that the dollar's decline "wasn'd constitution of the concern that the dollar's decline growth appearant characters appearant characters are appearant characters. The re-funding is likely to comprise e psckage of three-year and 10-year notes together with \$7.5bm of 30-year long bonds.

While the forthcoming appearant characters explain the auctions are appearant characters.

markets. . . Those potentialities always concern me."

There was little disagreement in the bond markets last week that Japanese megative factors affecting the credit markets, they are not the about the US merket, raising only ones.

US investors are worried that the latest Fed discount rate cut especially Japanese — buying aequences of a precipitous dollar decline. The reaction of the Since foreign investors are could tie its hands over

new Treasury page.

10 days.

On Wednesday, the Treasury is a due to announce details of its quarterly refunding, which will take place next week. Wall Street expects the package to total between \$24bn and \$26bn eimed at raising up to \$12.5bn eimed at raising up to \$12.5bn import prices and a revival of dormant inflationary pressures particularly since most marparticularly since most marparticula of the estimated total new money the Treasury needs to raise during the April-June

potential."

Mr Volcker also voiced his concern that the dollar's decline "wasn't exactly a free fall, but it did seem to impact credit markets. . . Those potentialities always concern me."

There was little disagragment.

There was little disagragment change of mood.

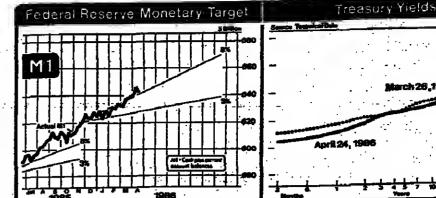
There was understance and the forthcoming pact. Several factors explain the possibly dwindling foreign demand are probably the main investors have become cautious credit markets, they are not the about the US merket, raising only ones.

20 per cent of receot offerings other considerations would of the longer maturity govern- argue for further easing. A meet paper (10 years or more), clearer picture of the current the nervousness is understand-stale of the US economy should able, and all the more so when the markets faca the prospect the March leading economic in-of an unprecedented flood of dicators tomorrow and other new Treasury paper in the next statistics, including the April

-particularly since most mar-ket economists now believe the decline ln oil prices has all but

run its course.

If that is the case, two of the three key factors which have fuelled the recent bull rally tumbling crude oil priceo and foreign investor confidence— could be in the process of



evaporoting. The third factor, effective Congressional action on the Budget deficit, is now seriously in doubt again, at least in Wall Street.

Jones industrial average, which closed the week B relatively modest 483 points down.

In any event the markets could-once again end up calling the political time. Last week held up reasonably well-drop the political time. So far the US equity market has held up much better than the credit markets, suggesting either than the customary linkage between the two markets may have to be re-examined. Last week's bond market collopse was equivalent to a 100 point drop in the Dow

Paul Taylor

UK GILTS

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London gets away with modest losses

lightly last week by comparison with its US cousin. Many stocks still ended with losses of 2½ points, and the FT Actuarieo bigh coupon yield gave up 18 basis points and finished the week at 8.91 per cent. Yet these were modest losses in comparison with Wall Street's swings.

A mood of caution has, bowever, crept in that was little in evidence in earlier weeks. In part this shows the success of the Benk of England's efforts to put the money markets ioto a holding pattern before they start to think ebout the next cut in bank base rates, It makes a change to see one month inter bank rate above the current base rate, and three-month rates not already discounting the next half-point cut. There is also an increased willingness

so it is perbapo not surprising

The cries bave been heard, if deficit was not.

only in the House of Commons.

Indeed a Treasury and Civil much into one month's figures," Service committee. in its report on the 1986 Budget issued last week, eccused the Government of adopting an undeclared unit labour cost target in setting its interest rate policy.

It would be hard to disentangle such a policy from the exchaoge rate terget, which the committee also believes Mr Lawson is pursuing. With UK inflation falling fast, and sterling now is pursuing. With UK inflation falling fast, and sterling now

much into one month's figures," comes the chorus from White-hall officials. Yet the non-oil visible trade deficit in the first quarter as a whole is 61 per cent worse than in the previous three-month period and 6 per cent worse than in the same

is also an increased willingness to look for the possibility of bad news on the economic front.

The most consistently bed news around is the rate of growth of UK unit labour costs, so it is perbago not surprising.

that both the Chancellor and the Employment Secretary have in recent months become louder in their cells for moderation in wage settlements. The Bank of England, of course, has repected this call in its quarterly bulletin for many a moon.

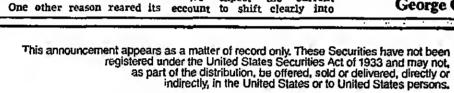
The cries have been heard, if only in the House of Commons. UK interest rates over interest rates elsewhere if sterling is to remain stable."

The decline in the value of

sterling since the beginning of the year could have some beneficlal effect in the coming months, but adverse cost trends may continue to dampen exports.

The implications of the UK's trade position are perhaps a longer term consideration. Yet in the short term they are nnlikely to help the tap Treasnry 8 per cent, 2009, under-subscribed at its tender last week. At the end of the week it was trading in partly-paid form at £24; — I below its minimum tender price.

George Graham



New Issue / April, 1986



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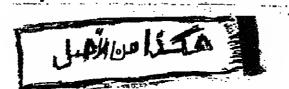
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FT/AIBD INTERNATIONAL BOND SERVICE RBC 11-2 90 100 109 - P2 8.31 | Dev Bank Bing 5-2 98 70 78 - 2 80.37

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et-Och Kmd 13½ 97 90 vstbanken 12½ 95 100 rdential ine 12½ 87 150	107% -0% 8.78 106% -0% 7.70 120% +0% 9.03 706% -1% 7.82	Wells Fergo 1 94 150 Wells Fergo 1 96 150 Yorkshire Int 1 94 £ 75		Eksportfins 134, 89 15/9/87 Gen Elec 124, 81 7/8/87	242 - 6 9.16 1364 - 5 8.36 136 - 10 8.46
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r

American Motors cuts loss by \$10m

AMERICAN MOTORS (AMC), Japanese vehicles into the US. the US car company in which France's Renaolt has a 46 per imports had been subcompacts. "As the competition in the reduced losses of \$18.9m or 20 cent stake, has reported sharply "As the competition in the reduced losses of \$18.9m or 20 subcompact market intensified, cents a share in its first quarter of 1986, against losses of \$29m raised prices on larger cars but raised prices on larger cars but

chief executive, said the loss reflected the soft sales it had been experiencing in the subcompact segment of the passeoger car market. For some time now, the subcompact market has been hurt by an increasing number of competitors fighting for a relatively stable number of car huyers. Our Renault alliance has been going head te head with at least 21 other entrants in the subcompact arena, he said.

Mr Cappy said there had been added pressure in the subcompact segment since restrictions were lifted on Japanese imports last year, resulting in a new influx of wirtually unchanged at \$918m.

eariter.

Mr Joseph Cappy, AMC's new chief executive, said the loss reflected the soft sales in the sub-compact segment of the passeoger car.

Spanish telecom group to seek New York listing BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

lis charter.

TELEFONICA. Spain's rapidly funded to 70 per cent by the growing 1elecommunications company itself, leaving 15 per concern, which last year intro-cent to be raised in the form of duced its shares to Japanese and equity and a similar amount by

European stock exchanges, is to borrowing.
seek a listing in New York.
But its stroop But its strong financial posi-tion and the evident appeal of its shares abroad — Telefonica is now the most actively traded Mr Luis Solana, its chairman, said in London at the weekend said in London at the weekend that the aim was to obtain a listing by the first quarter of next year. First, however. Telefinica would be launching a US commercial paper programme of some \$250m to develop awareness of its name among US investors. foreign share in Tokyo - mean that it can be very flexible in its financing.
It intends next month to launch a Pta 20hn coovertible bood issue in Madrid, one-third

The move was part of a drive to finance some \$7 bn in new investments planned b vthe company ever the next feur years as Telefooica moves to moder-oise Spain's telecommunications industry. Some of this capital had to come from abroad be-cause of the limited availability savings in Spain itself, he

said.

At the same time Telefonica partnerships because in cootrast to other EEC coontries, there is debt. This has already fallen by \$400m to \$900m over the last six months and the hope is to reduce it further to hetween \$600m and \$700m.

Mr Solana, in London to sign a \$250m loan facility, said the Africa and in Spanish-speaking investment programme would be. Latin America.

deal to reduce debt

NORANDA, THE financially NORANDA, THE financially stretched Canadian resources and industrial group, will shave C3220m (US\$159m) from its debt by selling its preferred entitlement to profits from a gold mine at Hemio, western Ontario, in which it has a 50 per cent interest.

which it has a 50 per cent interest.

The unusual arrangement, with a group of banks led by Canadian imperial Bank of Commerce, was disclosed as Noranda reported improved results in the three months to March 31. Last year's C\$9.9m loss, equal to 15 cents a share, was turned into a net profit of C\$21.4m or 8 cents a share. The latest quarter includes one-time gains of C\$25.6m from the sale of shares in associate companies, leaving operations at close to break-even point. Revenues rese fractionally to C\$875.4m.

Revennes rese fractionally to C\$575.4m.

The company forecast "at least" moderate profits in 1986, even with very little improvement in markets. During the first quarter, higher prices of aluminium, lumber and pulp, and a rising contribution from the new Hemlo gold mine offset depressed tine prices. Metals and minerals profits plunged. depressed zine prices. merals and minerals profits plunged from C\$19.4m to C\$7.4m, but carnings from forest products rose from C\$1.8m to C\$14.8m. Several Canadian mining analysts have recently advised clients to buy Noranda shares in expectation of a strong in expectation of a strong

The sale of the entitlement to profits from the Hemlo mine enables Neranda to receive an immediate infusion of each instead of waiting of eash instead of waiting four to six years to reconpearnings from mine operations. Noranda received the entitlement from its two Hemlo partners in return for paying the capital costs of the size." Applicance of and of which will be targeted to foreign investors. Foreigners already own 15 per cent of Tele-foolca's capital, well below the ceiling of 25 per cent set under mine's development and bringing the property to

Mr Solana said Telefonica was well placed to expand because Spaio's telecommunications in-dustry was ripe for develop-ment. It could also seek foreign partnerships because in contract bringing the property to production.

The sale of the entitlement has enabled Noranda to meet its target of reducing debt by C31bm, almost a third of the total, before mid 1986. The company sald that further measures are planned. The henefits of a lower debt burden were seen in the first quarter, when, despite higher interest. Tates, financing charges fell from C359.4m, to interest rates, financing charges fell from C\$59.4m to C\$57.3m.

Noranda | TWA warns of terrorist in gold mine factor as deficit grows

BY OUR NEW YORK STAFF

TRANS WORLD AIRLINES.

(TWA) the US air carrier, yesits European flights, including terday blamed terrorist attacks, among other factors, for a significantly, higher \$169.6m first mincantly, night \$103.011 lift and flight 840, because of rrduced guarter net loss and warned flight 840, because of rrduced great flight 840, because of rrduced great flight 840, because of rrduced from the flight 840, because of rrduced from the flight 840, because of rrduced flight 840, because flight 840, because flight 840, because flight 840, because flight 840, b substantial adverse impact on The latest loss amounted to TWA's second quarter as well." \$4.25 a share compared to \$2.43

Mobil issues 'poison pill'

MOBIL OIL, the second higgest US oil company, yesterday announced that it was maintaining its quarterly dividend of 55 cents a share and Issuing its shareholders with a "poison pill" to project the company against hostile takeover

The group said it was the 175th US company to issue shareholders with preferred share repurchase rights, often referred to as a poisoo pill. They will be excercisable only if a person or group acquires 20 per ceot or more of Mobil's common stock.

The rights are "designed to rensure that all Mohil share-holders receive fair and equal lireatment in the event of any proposed takeover of the company and to guard against partial tender offers and other abusive tactics to gain cotnrol of Mohil without paying all shareholders a control premium," the group said.

Mr Allen Murray, chief executive, said: "The oil industry is facing unprecedented major problems and the future is more difficult to predict than at any time during my 30 years in the business.

Profit at Capital Cities

BY WILLIAM HALL IN NEW YORK

CAPITAL CITIES ABC, formed earlier this year after Capital Cities' \$3.5bm takeover of the ABC broadcasting group, earned \$1.9m on revenues of \$912m in its first quar-

The group had given a warning earlier this month that it would

cause of sharply higher amortisa tion costs.

The group's interest charges rose from \$6.3m to \$42.3m. Per ahare earnings were 12 cents before the extraordinary gain and \$17.48 after

Mr Thomas Murphy, the chairprobably report a small loss in the quarter excluding an extraordinary was adversely affected by the relagain of \$280m on the sale of various tively weak demand for network ad-television and radio stations. Although its revenues nearly quadru-pled, operating income rose by 3 per cent to \$56.8m primarily be-

De La Rue buys Hastech

ic printing equipment company, has been bought by Crosfield Electronoeen bought by Crosheld Electronics, the printing equipment subsidiary of De La Rue, the diversified British security printer.

The price of the deal has not been released although it is understood.

released, although it is understood to be less than £7m (\$10.5m). It was the second acquisition in the space of a week by Crosfield, Last Monday it announced an agreed deal for Muirhead Data Communications. Hastech, originally Hendrix Elec-

HASTECH, the private US electron- tronics, was founded in 1969 and

paper. It has also woo high profile orders at Die Presse in Austria an at the Liverpool Post and Echo. Mr Mike Leigh, the director Hastech international operations said the company had been under

	Amount	Valueity	Av. life years	Compan	Price	Book Runner	Offer yield %
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S. DÓLLARS			_	31/4	100	Nomera lut.	3.250
to P'maceutical ¶‡		1991 1991	5 5	344		Nekro Secs. (Europe)	3.250
ova Densetsu Kaisha 5‡		1991 2001	15	57/4		Paine Webber Inc.	5.750
Cai be. \$‡		2001	15	71/2	198	His Samuel	7.590 3.125
inges Exploration 5‡ Nan Kozyo ¶1	35	1991	5	31/2	100	Daines Europe	3.129
be Steel ¶‡	108	1991	5	33/4	188	Yemnicki Int. (Eur) Gutzwiller, Pru-Bachs	7.500
pesus Gold S	· 25	1993	7	71/2	1 8 0 1013/9	Daines Europe	7.862
corp (a) ‡	199	1993	7 15	91/2 5bo	100 100	CSF8	_
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ited Technologies I	100	1993	Ż	71/4	1017s	LTCB Int.	7.041 7.669
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MAC ‡	200	1089	.3	7	101 991/2	Nomera ket. Mitsui Fin. Int.	8.051
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editanstalt-Bloversin ‡ ppor Synthetic Chem. ¶	39	1991	Š	(314)	100	Yamaichi Int. (Eur)	_
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ticarp (e) 1‡	308	1098	12	1/4 2	180 1887:	Nomera Int.	7.782
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zstipankii ‡	75 50	1993	7	Ö	101Vs	Nomera Int.	7.786
ympus Optical ‡ ichimen Corp. ¶	50	1991	5	(31/2)	100	Daiwa Europe Morgan Guaranty	7.815
nostomo Corp. ‡	183	1996	10		10174	CHOTOGRA COSTANY	
AKATIAN DOLLARS	75	1983	7	83/4	1901/4	Wood Gundy	8.701 8.783
ed. Business Dev. Bank ‡ anudian Net. Railways ‡	150	2001	15	87/2	1003/4	Orion Royal Bank	
USTRALIAN DOLLARS		2000	14	0	21.95	CIBC Ltd.	11.440 12.187
Ng Int. Bank ‡	225 51	1989	3	121/2	1003/4	BNP	13.239
IMP Pacific ‡	58	1993	7	131/2	991/2	Morgan Stanley Morgan Stanley	12.335
VPM Led. ‡ Montedison ‡	150	1996	10	0 13ó	31¼ 101½	Raphers Trost Int.	12.495
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-MARKS	150	2010	30	53/4	100	DG Bank	5.750
EB 1	150 300	1908	12	51/2	108	Dresdner Bank	5. 5 80 5. 6 25
German State Secs. (c) ‡ Dow Chemical ‡	300	1090	10	5%	100	Deutsche Bank Deutsche Bank	5.754
Parker Hamilia ** ‡	80	1994		53/4	160	Detrocise pain	
SWISS FRANCS	450	1991		1	100	8. della Sviz. Italiana	1.803
Canon Sales **5‡	150 380	Perp.		53/4	100	Kredietbank (Spisse)	5.75(4.94)
CM ‡	290	1990	_	47/2	991/2	UB5	6.00
EIB ‡ Ohio Edison **‡	91	1993	-	5.,	100	UBS Handalsbank	5.45
Beynolds Matei ** ‡	109	1993	-	51/2	1901/4	Socitic	
First City UniSt	100 max	1986	_	47/6	19874	Banque Paribas (Soisse)	4.81
Shinninhonkai Ferry **	20 50	1991 1991	Ξ	(43/4)	(100)	Credit Suisse	
Sumitomo Rubber led. ** Sumitomo Realty & Day. **5	500	1991	_	(11/4)		Credit Suisse	4.59
Dimmer Hert Co. ""T	15	1991	-	41/2	1011/4	SBC Swiss Volksbank	4.0.5
Tokai Gas Co. ""9	50 28	1991	_	(1¼) (1¼)		2. della Sviz. Italiane	
Solkisha Co. ** 9							9.17
STERLING	50		7	91/5	993/4		9.17 7.37
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Wellcome (c) ‡	50	2006	20	93/4	10070	Dates Division	
ECUs		4000	7	71/4	10074	Banque Panhas	7.2
Ben Benske Provinsbk I	31		10	0	54.9	Societe Geografe	6.1
Mortgage Bk Denmark ‡ E18 ±	29: 5		12	61/2	100	Credit Lyomnais	0.5
FRENCH FRANCS	80	g 2891	15	71/2	1901/2	CCF	7.8
Province of Quebec ‡	80	2001					7.5
LUXEMBOURG FRANCS Christiania Bank "‡	38	9 1991	5	71/2	19	D Banque Panhas (Lux)	
YEN	108	m 1993	7	53/4	1013	Saiwa Europe	5.4

New Zealand \$75,000,000 Coca Cola Financial Corporation

17% Notes due August 1990

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CREDITANSTALT-BANKVEREIN

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DAIWA EUROPE LIMITED

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DRESDNER BANK AKTIENGESELLSCHAFT

GENERALE BANK

0.33 1.02 0.10 4.71 0.80 3.36 3.36 5.19

GOLDMAN SACHS INTERNATIONAL CORP.

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Swiss Bank Corporation International Limited.

Union Bank of Switzerland (Securities) Limited

21st November, 1955

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these days to explain to a fund

drug-it seems to be a well

mauaged company intent on operating with maxim efficiency io an expanding market.

With Conran's belp it bas pro-

duced a nice clean design for the stores, although it has been

rather slower than its competi-

lors in getting the profitable home brands moving. However,

this now forms a major part of

group strategy, and barnessed

to rapid physical expansion,

should ensure robust profir growth over the next few years

its rivals, the fund manager's

enthusiasm for the sector may be getting a bit out of hand.

One cannot belp woudering what will bappen to margins

in the glittering future in which there are two drug atores

mending an increased 0.56p (0.55p) single final dividend, which will absorb £33,694

(£32,990). Stated earnings per 5p share fell to 0.45p (1.28p).

The directors say that the recently acquired Cheltenham

aud Gravesend portfolio has

already proved successful with

the sale of two of the Chelteuham units realising a substan-tial profit. They are actively seeking other sites for development.

Turnover for the year fell

from £517,582 to £462,267, and

£378,467 (£360,422). There were

coupled with the reductions in the US, will have an adverse effect oo the first half of 1986.

A final dividend of 1p net will be paid, making a total of 1.5p for this USM-quoted com-

pany. Earnings per 5p sbare were 8.26p (6.83p). Group turn-over rose from £.6.75m 10

£8.55m, an increase of 27 per

on every High Street.

Southend Stadium lower

LOWER PRE-TAX profits of pects the directors are recom-

loss for the year (£67.435 cost of sales was bigher at profit).

Because of their confidence also administrative expenses of in the company's future pros- f217,943 (£162,249).

Huutlelgh Technology Increased expenses of introducing new

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EUROPEAN INVESTMENT BANK

Luxembourg

DM 150,000,000

51/2% Bearer Bonds of 1986/1998

- Stock-Index-No. 477 901 Offering Price: 99%

> Dresdner Bank Aktiengesellschaft

Deutsche Bank

Banque Bruxelles

Crédit Commercial

Banco de Vízcaya, S.A.

Lambert S.A.

de France

Huntleigh rises 39%

but final payout lifted

white the premium p/e is still

Tip Top Drugstores floats off 3.2m shares

BY LUCY KELLAWAY

Tip Top Drugstores, the new systems and a broad tier ecomment sast of Eugland and Scottand, is added to the group. About 65 potential sites for at £18.6m. It will join Superdrug and Share Drug, two of the three big national drugsiore chains, which have been floated in the last three years.

The Top has a find manager what a drugstore is, while he may never have shoped in one, be will have seen what their shares can do for a portfolio. Tip Top is out of the same stable as Supersistence. Tip Top has 80 stores occupying 181,000 square feet which sell toiletries and bousehold goods at discount prices.

The total state years are in each of the five years to May 1985 which sell toiletries and bousehold goods at discount prices.

The total state years are in each of the five years to May 1985 which sell profit before tax, which was £516,000 in 1981 when his hard in the The company was founded by

Mr Fred Brown, the present chairman, in 1967 when the first store was opened to York. Fifteen years later Tip Top, then a chain of 36 stores, took over its major rival Discount for Beauty, which bad 37 out-lets and which was making heavy losses. The smaller Dis-count for Beauty stores were sold, and the rest have been turned around and well absorbed into the Tip Top

In the past two years Conran Design has redesigned the Tip Top image, and 25 of the stores have been upgraded. A further list opens oo May 1 and 15 stores bave been opened and dealings start on May 9.

Bestwood bid

Bestwood, which is making a takeover bid for the Country

Gentleman's Association, in competition with au agreed offer from Fredericks Place

Group, has extended its bid to May 9. Acceptances for its offer

were little changed at 33.1 per cent by Friday, the latest

Dee Corporation, the Gateway

and Correfour supermarkets

group, is selling 16 former International stores to Heron

Property Corporation for an

undisclosed sum. The sites were surplus to requirements, Dee

Dee and Heron have also

agreed to co-operate on the siting of future Dee stores in Heron developments over the

Martin Ford, the ladieswear

retaller, which announced in February that it had received

several bid approaches, said on Friday that it was still evalu-ating a number of proposals from persons interested in

making an offer for the com-

Commerzbank

Algemene Bank

Bayerische Vereinsbank

Banca Commerciale Italiana

Lloyds Merchant Bank

FINANCIAL TIMES STOCK INDICES

FT-Act All. Share : 797.32 | 794.72 | 805.64 | 216.59 | 817.57 | 820.94 | 832.39 | 664.42 | 832.39 | e1.92

FT-SE100 ... 1628.8 1615.5 1638.7 | 1665.8 | 1662.0 1660.8 | 1717.6 | 1870.1 | 1717.8 | 886.8

Privatbanken A/S

Nederland N.V.

Government Secs. 93.24 , 93.32

Fixed Interest ...

next two to three years.

Martin Ford

Dee Corporation

is extended

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largest drugstore in the north of secior management bas been It should not be necessary

io 1981, was hit bard in the following two years by the losses of Discount for Beauty. In 1985 Tip Top made £776,000 pre-tax, and is forecasting profits for the current year of £1.25m on sales of £29m.

Kleiowort Benson is offering for sale 3.2m shares at 160p, balf of which is belog sold by the company to raise £2m after expeoses. This will be used to fund future expansion.
The shares are being sold ou

a prospective price earnings multiple of 21.5, with a fore-cast yield of 1.8 per cent.

£50,935 agaiust £115,837 have

been announced by Southend Stadium for 1985. After more

than 50 years as an entertain-ment complex the stadium

closed in December, and the

company completed its conversiou iuto a property company.

The stadium has been demolished and planoing permission granted for redevelopment of

the 9,45 acre site. Expeuditure

relating to the changes, includ-ing redundancy payments, is

shown as an extraordinary debit

of £35,850, resulting in a £8,104

lts pre-tax profits by 39 per

cent from £739,000 to £1.03m in

1985, despite a doubtful debts provision of £143,000. The doubtful debts were associated with the level of reimbursement

by Medicaid in the US, which has caused an indeterminable

Costs associated with an increased level of product developments, the associated

slow-down in payments.

to pay

By Terry Povey

travel goods company, is join-ing the USM through an offer for sale of 3.5m shares at 130p. The offer values the

company at £7.6m.
Harris and Sheldon, the privale holding company which owns Antier, will be the main beneficiary of the share sale. Of the 3.5m shares

Of the £2.im net gained from the new share sale almost all will be going to Harris in repayment of exist-ing inter-company debts and ing inter-company debts and in payment for properties

The main customers of Antier are Marks and Spencer (15 per cent of turnover), House of Fraser—including Harrods—John Lewis stores,

Argos and Selfridges.
Antler's pre-tax profits bave risen from £195,000 in 1981 to £732,000 in 1985, ou sales up from £6.53m to £9.55m. Earnings per share have risen to 7.1p (2.9p). For 1986 the company intends to pay only one dividend at the year eod which is expected to

ing a quality product to the market although many would be more sympathetic to the issue if some of the money being raised was staying within the business. However, Antier generates some £im easb each year and that should be enough for the immediate demands of a busiuess in which the capital reonlinements are modest. Anyover expansion would be possible with the existing plant. Pricing the offer has clearly proved a bit of a stab in the dark given the lack of ready comparisons. At 18 times historic earnings, the offer price does not leave much room for a sizeable premium once trading begins.
But with £900,000 or so
likely for 1986, the prospective multiple looks like 12—
a polut below the market.
This should leave some room for a modest rise on a one-year outlook. Another factor in the market's perception could be that now Harris &

Antler proceeds up debt

ANTLER, the luggage and

ou offer, 1.63m will be soil by the parent and 1.87m will be new shares. After the offer Harris and Sheldon will hold just over 40 per cent of Antier's equity.

occupied by Antler.

comment

There can be little doubt that Rowe & Pitman is bring-Sheldou has partially let le the reins on Antier, specialist merchandisers will show some

interest. But these are early days; not one for the stags.

April 25, 1986

Westdeutsche Landesbank

Girozentrale

Kredietbank

S.G. Warburg & Co. Ltd.

Rabobank Nederland

94.51 80.38 127.4 49.18

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Combined Lease offered at 125p

BY RICHARD TOMKINS

equipment leasing company which specialises in computers, prestige cars and industrial plant, today publishes the pros-pectus for its offer for sale, which vaine the company at

Pre-tax profits bave risen from £30,000 in 1981—the year after the company's foundation io £1.4m last year.
At the offer price of 125p, the

historic p/e ratio is 11.2, so putting the company at e small premium to computer leasing companies such as Atlantic Computers and United Leasing. However, CLF stresses that unlike these companies it recovers the cost of equipment. overheads and profits through reotal payments alone and not through realising any residual

through realising any residual value in the equipment.

CFL grew up in a period when larger lessors with substantial taxable profits were able to take advantage of first year allowances and so offer reduced costs to lessees unable to maximise these benefits themselves.

CFL itself never had euoogh and relied for its growth ou producing non-tax-based finance leases, particularly "sales aid" plans designed to make it easier to close deals quickly.

The 1984 Budget, which announced the withdrawal of

Combined Leave Finance, the reduction in the larger lessor's quipment leasing company tax-based advantage will enable it to increase its market share.

it to increase its market share. The company also believes that the market for non tax-based leasing will grow, citing experience in Western Europe and Japan to support its view. Some 5.17m CLF shares are being offered, of which 4.08m will be issued by the company to raise £4.5m net. CFL says the increased capital hase will the increased capital base will support the funds needed to finance its expansiou.

comment

Finance desarves better. Its re-fusal to take residuals through the Profit and Loss account effectively turns it into a straightforward instalmen credit business and on that hasi it is in a different league. In the past the company has made rapid progress in an environ-meet which favoured its competitors, and a future which removes their advantage is likely to see more of the same. taxable profits to take full Business in the first quarter was advantage of these tax benefits up by 25 per cent, but that was and relied for its growth ou before CFL's competitive ad-

vantage was removed so £2.4m could be in sight for the year. The prospective multiple of 10 is low, but CLF's advisers are well aware of the City's view of lessors and there is unlikely to beginning of this month, is offer: but a year from now, thought likely to reduce the when CFL is seen to be delivertotal level of leasing business ing the goods, the rating could dooe, but CFL believes that the

Woolworth expresses anger over claims by Dixons

Woolworth Holdings ouded angrily last night to claims made by Dixons over the weekend that Woolworth was pulling oot of the High Street, and letting the retail revolution pass it by.

Mr Geoff Mulcahy, Woolworth's chief executive said.

yesterday that In the last three and a half years Woolworth had added about 2m square feet of selling space and 7,000 new jobs.

Mr Stanley Kalms' ebairman of Dixons, which is due to produce its formal offer document for Woolworth today, is unable "to comprehend the scale, complexity and diversity of the Woolworth Group operation," Mr Mulcahy said.
"While Mr Kalms claims to

understand retailing he has totally missed the out-of-town that it is the most significant retail trend of the last decade."

Anglo-African at £1.8m

Auglo-African Finance re- to Williams, Hunt South Africa Anglo-African Finance re- to Williams, Hont South Africa ports pre-tax income of £1.84m sharebolders, under which a for 1985 against £8.32m for the new holding company, Hunts, 17 months to end-1984. In which will be a subsidiary of addition to tha change in AAF, will be created.

AAF, will be created.

If the scheme is successful, if

rand/pound exchange rate. The company is a hold company for subsidiaries involved in the distribution of involved in the distribution of motor vehicles, industrial tools and equipment, and the manufacture and distribution of tyres and other industrial preference dividends of £906,000 rubber products, and stationery in South Africa. Its turnover was £112.82m (£230.47m).

The reorganisation of the structure of the South African group of companies is being the share of after-tax and the share of after-tax results of related companies' results of related comp

group of companies is being implemented. A scheme of arrangement is being proposed

propose a one-for-two rights issue. Tax took £1.03m (£4.99m).

and the share of after-tax results of related companies' debits was £2,000 (£581,000).

There was an extra-ordinary credit of £319,000 (debit £604.000).

McKechnie urges rejection

McKechnie Brothers, the Midlands metals and plastics group, has started its defence against an unwelcome bid worth £161m from Evered Holdings, the acquisitive engineering com-paoy, with a strongly-worded letter to shareholders urging them to reject the offer. Mr Jim Butler, McKechnie's chairman, states in the letter

that there is no iodustrial logic that there is no iodustrial logic to the bid, that its value "represents a paltry premium" over the share price before the bid was launched. Furthermore be argues that 'Evered's share price is dangerously dependent on a programme of opportunistic and apparently raodom acquisitions of chronically weak companies."

SHARE STAKES

CHANGES in company share stakes announced over the past week include:

Etam.—The following direction:

Kwik Save.—Mr Ian McKinlay Howe, a director, acquired 80,000 ordinary shares, increasing total holding to 380,000 tors bave disposed of sbares: Mr J. E. Flatau 500,000; Mr H. R. Liudemann 300,000; Mr R. S. Wheeler 75,000; Mr H. E. Woolf 350,000, and Mr M. F. Drake 3,500 shares. These share disposals amount to 2.36 per cent.
Telfos. — Director Mr J.
Malins purchased 100,00 sbares
(0.83 per cent).

Davies and Newman.—Mr R. F. Tindall acquired 194,130 ordinary shares, increasing his beneficial bolding to 565,272 shares (8 per cent).

GRA Group—Mr C. H. Chandler, a director, disposed of 7,000 shares, reducing his bolding to 50,000 shares.

BOARD MEETINGS

The following compenies have neglied dates of board meetings to the Brock datas of board mastings to the Brock Exchange. Such meetings are usually hald for the purposa of considering dividends. Official indications are not available as to whather the dividends are interime or finals and the aubdivisions shown below are best mainly on last year's timetable.

TODAY

Interimes: Low Is not investment, Samuel Properties, TMD.

Finals: Allebone, Edinburgh Oil and

Hotels, Plasmer, Rock, Viking ces Trust, Wadkin, Ward Wingste Preperty Investments FUTURE DATE

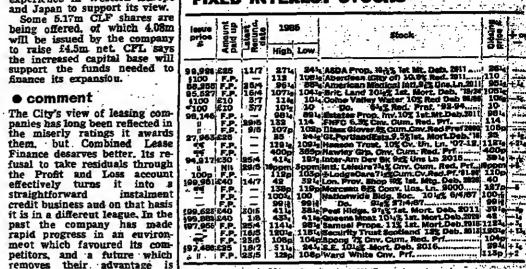
CITICORPO U.S. \$350,000,000

Subordinated Floating Rate Notes Due November 27, 2035

April 28, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

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RIGHTS OFFERS 13/6 23/5 9/5 6/6 23/5 23/6 13/5 30/6

Renunciation data usually last day for dealing free of stamp duty. In Figures and on prospectus estimates, g Assumed dividend and yield. F. Forecast idend cover on samings updated by latest laterine accomment. H Dividend of Yield based on prospectus or other official estimates for 1987. If forecast estimates. I indicated dividends; over relates to previous dividend; p/e-ratio-based so intest should estalogs. It Forecast, or estimated annealised dividend rate, cover based on previous year's estimated intestined dividend holders of ordinary shates as a "rights." If introduction. "I issued by way of capitalisation. Placing price. \$7 Reintroduced. "I issued in connection with reorganisation mayor of takeover. Maliotment price. \$1 Indicated securities market. If Dealt in under fluis 535 (3). \$1 Dealt in under fluis 535 (4) (6).

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column heated Announcement last year."

Harria Queenaway...May 7 Final 2.75

Oete m		Date	
"AEMay. 8 Int	nim 2.0	Heath (C. E.) May 15	
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Sentagra., May - / Inti	9,U ···	Group, May 16	
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Sonka May 22 Fin	1 3.0	Hill Samuel May 31	Final a.3
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	erim 15-cts	Lend	Land and the Control
Assoc British		Securities May 15	Final 5.55:
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ant & Comowith		ScotlandMay 7	Interim 3.6.
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Sritish Home .		SaatchiMay 21	Interim 5.29
Stores May 7 Fine	18.0 .	3ainsbury (J.) May 21	Final 3.1
Brown	:	"Samuel Props Apr 26	Firmal 2.2
(Matthew) May 13 Inte		SearsMay 14	Interim 1.B
	due	Smith	
CoaliteMay 29 Fins		- BrothersMay 29	Final 4.0
	8.O _.	Staffa PottsMar 28	Interim 1.0
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New Tewn May 16 Fine		3tyleMay 14	Final 4.6
Courtsulds May 28 . Fina		TarmacApr 29	Final 12.0
Oobson Park . Msy 31 , Inte	Mul 132 .	Tate and LyleApr 30	Interior 7.5
European		- "Tesco	Final 3.1
Ferries May 8 Fina	3.2	LET	Final 2.25
*Flight		Utd Scientific May 23	Interim 2.2
Refuelling Apr 30 Fina	2.00	VauxMay 8.	Inracim due
*FosecoApr 30 Fina	14.6	· Ward White Apr 28	
*Grand	. :-	WheasosMay 7	Interim 2.8
MatropolitanMsy 13 Inte		WhitbroodMay 22 Welverbampton &	Final 4.9
WhitleyMay 21 Inte	rim 2.073	OudleyMay 29	Interim 2,85
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BASE LENDING RATES

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	Bank of Cyprus	1016	Meghraj & Sons Ltd 10	12
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	HEDR Of India	10102	Morgan Grenfell 14	32
	Dank of Scotland	1016	Mount Credit Corp Ltd 10	32
	Banque Belge Ltd	101 OC	National Bk of Kuwait 10	17
•	DEITHEYS MANK	THILD.	National Girobank 10	170
	Beneficial Trust Ltd	77 6	National Westminster 10	12
	Brit Bank of Mid East	101%	Northern Bank Ltd 10	3.2
			Norwich Gen Trust 10	38
	CL Bank Nederland	104 9K	PK Finans Intnl (UK) 12	162
	Canada Permanent	1019	Provincial Truet Ltd 12	12
	Cayser Ltd	1010	Provincial Trust Ltd 12 R. Raphael & Sons 10 Roxburgh Guaranty 11	102
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	First Nat Sec Ltd			
	Robert Fleming & Co.	1149	12.25% Mprig	98 6
			12.25%	

Notice is hereby given that the rate of Interest has been fixed at 7.1% in respect at the Original Notes and 7.1875% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date May 28, 1986 against Coupon No. 6 in respect of US\$10,000 nominal of the Notes will be US\$9,17 in respect of the Original Notes and US\$59.90 in respect of the Enhancement Notes.

CITICORPO U.S. \$500,000,000 Subordinated Floating Rate Notes

Due October 25, 2005

Notice is hereby given that the rate of interest has been fixed at 7.1% and that the interest payable on the relevant interest Payment Date May 28, 1986 against Coupon No. 7 in respect of US\$10,000 nominal of the Notes will be US\$59.17. April 28, 1986, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

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INTL. APPOINTMENTS

Michelin elects new managing partner

BY PAUL BETTS IN PARIS

Mr Zingraff is not a member of the Michelin family and is younger than both Mr Michelin and Mr Rollier. He has also had widespread international

a new managing partner who will join Mr Francois Michelin which cown five plants there and his cousin Mr Francois Rollier at the top of the secretive French company.

The appointment of Mr Rene Zingraff as the company's third managing partner is regarded as a significant new step in the development and evolution of the French tyre group.

Mr Zingraff is not a member of Michelin so now turning 60 while Mr Rollier is in his late sixtles.

MICHELIN, the French tyre experience with Michelin, have the Michelin structure, the common group which is the world's ing worked both in the UK and pany is beaded by so-called second largest tyre maker after more recently in the US, where "Associés Commandités," of Goodyear of the US, has named a new managing partner who operations of Michelin, which deemed to hold the same pany is beaded by so-called "Associés Commandités," or managing pariners who are deemed to hold the same powers and share the same lia-bilities.

The appointment younger partner with wide-spread international experience appears to be part of the process of management renewal and evolution at the top of France's second largest private Michelin is now turning 60 while Mr Rollier is in his late sixtles.

Zingraff will now have the same powers and responsibilities as tha two other partners. Under Trance's second largest private company after the Peugeot car michelin's return to profit after several, years of heavy losses that two other partners. Under

Dealer team resigns BORG-WARNER Corporation, the diversified industrial con-

at Drexel

DREXEL BURNHAM Lambert Securities' five-strong team of floating rate note traders resigned on Friday. They are expected to join one of the large Japanese securities

Mr Bob Mulligan, a director of Drexel, the New York investof Drexel, the New York investment house, says their departure was "not unexpected" in
the light of recent policy
disagreements. The team, Paul
Bradshaw, Paul Rosier, Annette
Russell, Gary McElroy, and
Mike Smith, all in their twenties, arrived as a group from
a variety of houses last year
to build up a floating rafe note
frading business at Drexel. trading business at Drexel.

Their loss leaves Drexel without a trading presence in this area, though the gap is one which the company is set on filling.

Merck chairman

IDENDS

RATES

MERCK & CO, the New Jersey manufacturer of ethical drugs, has announced that Mr P. Roy Vagelos, its president and chief executive, has been appointed to the added post of chairman, reports Reuter from Rahway. He succeeds Mr John L. announced his retirement.

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Borg-Warner head

cern with products ranging from transport equipment to chemi-cals and into other fields, has elected Mr Clarence E. "Red"

Johnson chief executive.

Mr James F. Beré remains chairman, while Mr Johnson is to continue as president and chief operating officer, posts be took up in Januery, 1984. The move is described by Mr Beré as "another step" in an orderly succession plan. Mr Beré is to continue as chairman until his retirement in August next year.

BIOGEN, the international bio-technology group, has appointed Mr Brooks Boveroux chief fin-

Mr Brooks Boveroux chier in-ancial officer.

Mr Boveroux joins Biogen Allied Signal Corporation, the aerospace to chemicals to energy concern, where he was vice president of the Allied Health and Scientific Products sub-sidiary.

HEALTHAMERICA Corpora-tion, the operator of health maintenance concerns, has announced the resignation of Mr W. Gerald Newmin, its president and chief operating officer. Mr Newmin is to pursue other opportunities. Mr Philip N. Bredeson, the company's founder, chairman and chief executive, is to assume "primary operational func-

who had previously MR HENRY E. SINGLETON, ced his retirement. chaliman and chief executive

FINANCIAL TIMES CONFERENCES

of Teledyne, the Los Angeles-based diversified industrial concern has proposed that the title of chief executive be transferred to Mr George Roberts, currently president and a director.

Mr Singleton, 69, who will

remain chairman, says the change does not necessarily mean substantial change in the company's operations.

TEXAS AMERICAN Banc-sbares, the Fort Worth-based banking group, has elected Mr Joseph M. Grant chairman. Mr Grant is vice chairman of the bolding company and chairman and chief executive of the Texas American Bank-Fort Worth subsidiary.

He succeeds Mr Lewis H. Bond, who has stepped down ahead of reaching the retirement age of 65 on July 31. Mr. Grant is to remain in his Fort Worth post, and Mr Bond is to remain chairman of the executive committees of the parent and of the Fort Worth subsidiary,

CORPORATION, OLIN CORPORATION, the diversified Connecticut company with interests including chemicals, metals, paper and ammunition, has elected Mr W. Johnstone, Jr. its president, to the additional post of chief operating officer.

operating omces.

The post is a newly created one, and covers duties formerly shared by Mr John Henske, the chairman and chief executive officer Mr Richard R. Berry. executive vice president and Mr Johnstone

Hambrecht chief quits

By Louise Kehoe in San Francisco

HAMBRECHT AND QUIST San Francisco investment bank-ing group, lost its president last week Mr Thomas Volpe has week. Mr Thomas Volpe has resigned as president and chief executive, and the co-founder and chairman, Mr William R. Hambrecht, is re-assuming these

titles.

Mr Volpe, aged 35, who joined Hambrecht and Quist in 1981, and has been president of the concern for stightly more than a year, has offered no reasons for his sudden decision, but approachly be has no immediate.

apparently be has no immediate husiness plans.

In the high-technology boom of 1982-83, the names Hambrecht and Quist came to mean "pay-dirt" to Silicon Velley entrepreneurs. H & Q took them public, grossing millions for the individuals who started the

The San Francisco investment bank rose to prominence as a bank rose to prominence as a venture capital backer and underwriter of high technology companies. But when the boom burst H & Q lost ground. Many of H & Q's respected analysts, as well as the managers of its venture capital funds, bave resigned over the past three

ACROSS

- 1 Deal with the French workman first (6) 4 Plant responsible for skin blemishes on society girl's back (8)
- back (8)

 9 Managing to find cover (6)

 19 Broadcasts about help in rates case (8)

 11 Railwaymen getting outside sopport for occupation (6)

 12 Prevent boy attendant colors
- 12 Prevent boy attendant going on strike (8)
 12 Note sounded by animal (3)
 14 Cloth leading manufacturers
- love to show (6)
 17 They are in charge of important articles (7)
 21 Snare for troubled parent
- cal onare for troubled parent (6)

 25 Hard to place (3)

 26 He keeps going over watch

 (8)

 10 One anont to show anger (3)

 18 Commonly purious the jointed bits (8)

 19 Geometrical line an editor strives for (2)
- (8) 27 Not sketing to place of 22 Mistakes are holding mariner business? (6) 28 Increases in gold to FBI 22 Some forty-three go past in
- star? (6) 20 Means to declare how old 25 Make clear to bench (6) people ara (8) 31 Outsize figure downing first

port (6)

DOWN 1 Man bringing animal and

- duck to doctor for sacrifice
- 2 North-eastern writer with article on drug-yielding plant (8) 3 Bird having to come down on fence (8)
- 5 Pick up trace and point to game (8) 6 Is niggardly with politician about sports equipment (8) 7 Renegade with brown cane
- (8)
 8 Provider of clean clothes for lady in armed conflict (6)
 12 He may fight to be private perhaps (7)
 15 Traveller in corded cloth (3)
- 16 One about to show anger (3)
- 28 Increases in gold to agents way back (5)
 29 A lieutenant bearing one 23 Some forty-three go past in rising to culmination (6)
 24 Chain wound round tee-can
 - The solution to last Saturday's prize puzzle will be published with pames of winners next Saturday.

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businesses and even more for the venture capitalists who funded them.

years. Mr Volpe presided over a period of cutbacks when the group reduced its staff and relocated its select New York offices in cost-cutting measures.

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APPOINTMENTS

Johnson Matthey restructures

JOHNSON MATTHEY has reorganised its operating structure into four new divisions and made the following appoint meents: Io the catalytic systems division with the division of the group's plassing director of Westinghouse Signals. Mr division with the Hard has been appointed chairman of the group's plassing and domestic engineering companies. Mr W. S. Jordan remains group chairman with the Hard has been appointed thairman of the group's plassing and domestic engineering companies. Mr W. S. Jordan remains group chairman with the Hard has been appointed chairman of the group's plassing and domestic engineering and d division Mr W. J. Quiodlen is appointed president. The general manager (North America) is Mr K. E. Arnold: the general manager autocatalyst (Europe), Mr P. G. Emmel; the general manager equipment (Europe), Mr W. J. Luesicy; and the general manager (Australia), Mr D. O'Hagan, in the macrials technology division Mr B. S. technology division Mr B. S. Cooper is appointed division director; Mr J. W. E. Pennington, managing director (Europe); Mr E. J. Grosso, executive vice president (North America): Mr M. Brown, managing director (Pacific); Mr K. E. Davles, managing director (South Africa); and Mr D. G. Titcombe, projects director. The precious metals director. The precious metals division has Mr D. V. Viottet as director, platinum marketing and Mr G C. Fisher director, precious metals refining. Mr D. M. Lloyd is appointed division director and Mr R. Gooch operations director within the colours and printing division. Mr M. B. Stringfellow, president. Johnson Matthey Inc., will direct worldwide business development in electronics and in biomedical products.

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Hugh Hayes has been appointed managing director of Oldham Batteries and Mr Jim Whiteside has become finance director.

Mr W. R. Pelham has been appointed a director of LLOYD THOMPSON from May 1.

Mr Vlad Stanic has been appointed to the newly created position of director of persoonel at SPICER AND PEGLER.

STORM OOORS has appointed Mr Christopher J. Dixon to sales and marketing director. He was sales and marketing maoager.

Mr David Money-Coults has been appointed chairman of NATIONAL WESTMINSTER Mr Terry 1 BANK'S south-east regional board, succeeding Mr Peter manager of CL Colectough, who retires from both the main and regional director (UK). boards on April 29, Mr Money-Coults who has secreted on the Courts, who has served on the recional board since 1969, is a director of the bank and chairman of Coutts and Company.

remains group chairman with particular responsibilities for overall group strategy and de-

YALE MATERIALS HANOLING has appointed Mr Graham B. Rose as sales and marketing director. He was geoeral sales manager — UK construction equipment at J. I. Case group.

The CHELSEA BUILDING SOCIETY has appointed Mr Maurice G. Hart to its board.

Mr John Ellott, former group training manager with Philips Electronics UK, has become director of the INSTITUTE OF MANPOWER STUDIES. Mr Terry King has been appointed director and geoeral manager of CIMEX, a member of the BTR group. He was sales

Mr Ian R. Walker, managiog director of Hampsoos recently acquired subsidiary, Ian Walker Furnture, has been appointed to the main board of HAMPSON INDUSTRIES.

remain oo the board. Mr Geof-frey Simmoods who is a major shareholder and has been oo the board for some 12 months, has agreed to take over the chair-

Group as managing director and chiel executive.

tor and chief executive.

Mr Michael J. Gordon has resumed his chairmanship of TAYLOR WOODROW MANAGE. MENT AND ENGINEERING, the group's process plant contracting arm. He has been seconded to the Channel Tunoel Countries and director and

Mr Timothy Retallack and Mr Gordon Shaw will retire from FRESHFIELDS on April 30. Mr Goy Morton, Mr Barry O'Brien, Mr Vincent Clempson, Mr Edward Evaos, Mr Graham Prentice and Mr Ian Terry will jour the parinership on May 1.

After an absence of nearly two years, YAMAICHI INTERNA-TIONAL (EUROPE) has reappointed Mr Minoru Harada as managing director to assist Mr Hitoshi Ishihara, managing director and chief eventive.

TRANSGLOBE UNDERWRIT in electronics and in biomedical products.

**Mr Geofrey D. Gahan has been appointments appointments been made by HAWKER sloce May 1884, when he aold his company Chrisfield to Peerless, a main board of HAMPSON the main board of HAM

CONSTRUCTION CONTRACTS

sq ft version of what Mr Hall

Gateshead shopping centre

the family."

BY IOAN GRAY, CONSTRUCTION CORRESPONDENT

RUSH AND TOMPKINS is in line for contracts worth £190m for building shopping and business centres for Tyneside entrepreneur Cameron Hall Developments.

The contractor is now completing a £70m design and construct contract to build Cameron Hall's first major shopping centre, the Gateshead Metrocentre, near Newcastle on Tyneside. Newcastle on Tyneside. which will open for trading Mr John Hall, chairman

and managing director of Cameron Hall, is oow plan-ning three more Metro-centres in Exeter, the Mid-laods and Scotland, and plans to let the hnilding contracts for these, which will be worth around £50m each, to Rush and Tompkins.

Rush and Tompkins.

Mr Hall is also planning to let the £40m contract for building the final phase of the Metrocentre—a business park, hotel and office complex next to the shopping centre—to Rush and Tompkins. "We've gone through the learning curve of building the Metrocentre together, and Fm too old to train another builder." old to train another builder, be said.

The Gateshead Metrocentre is the largest indoor shopping and leisure complex in Enrope. The 110,000 sq ft Carrefour Hypermarket and 30 smaller shops opening on Toesday will be followed by a 150,000 sq ft Marks and Spencer and further smaller

When completed in 1987, the Metrocentre will also in-clude an undercover funfair, 10-screeo cinema and an-tiques market, giving a 1.8m.

panies have won contracts worth

16m, Galliford and Sons, APW Construction, Kottler and Heron

and Stamford have won over 60

contracts, the largest iodividual

contract is for the Marston Moretaine by-pass at £2.2m for Bedfordshire County Council

warded to Kottler and Heron al Northampton: Galliford and Sons has obtained a contract with Milton Keynes Development Cor-

poration for the B2.4 infrastruc-ture contract for £663,000 and

the Mansfield to Rainworth Mioeral Railway land reclama-tion for Nottinghamshire County

Council priced at £774,770. Stamford Construction, operating in the Eastern Counties, has won over £1m worth of orders, the

describes as a "combination of market square, souk, bazaar and street scene, with out the weather and which will extend a shopping trip from one or two hours to six hours and a day out for all

The Metrocentre has 100 metre long glass-roofed mails connecting the shops, enclosing trees, tropical plants, fountains and waterfalls. "R's the prototype of new shopping developments for the next 10 or 15 years," said Mr Hall. It will cater for an area where most of the people in work are earning a lot of of money and where there is a tradition of free spending,

he explained.

The Metrocentre—which will involve an investment of £150m including fitting out by the tenants and will create an estimated 8,000 new full-time jobs and 9,000 part time—has been built on a 190 acre derelict site which was the ash tip for the disused Dunston power

Draining the site and pre-paring the ground for build-ing cost the developer £8m. But the main problem, said Mr Hall, was getting the centre built fast enough. He estimates that the first phase of the centre is openmonths earlier than would have been possible using more conventional methods than the "Flexitrack" building contract evolved by Rush and Tompkins and Cameron

"And with a rent roll of flom a year that is a con-

tions to existing buildings at Queens School, Wisbech for Camhridgeshire County Council (£466,000). A new company, Galliford Pipeline Services, has obtained a contract from Anglian Water, Quedle division for the

Water. Oundle division for the recooditioning of water mains in

Northampton Area 2 worth £1m. The building companies have woo contracts across the Midlands, the most significant being Wincott Galliford's award for the

construction of an inner city sports complex for the Coventry

and Warwickshire Awards Trust worth £780,000. They have also

Mixed batch for Galliford Group

siderable saving." he said. Mr Rob Nickalls, Northern divisional chairman of Rush and Tompkins, describes
"Flexitrack" as "a quite
different philosophy to Rormal management contract-

mai management contracting.

"It is a fast track manage, design and build contract where we started work when nothing but the perimeler of the buildings were designed so we could begin piling. We worked to a price based on a few known elements and price packages elements and price packages for each stage to be com-pleted before the final contract price was known,"

As a result work was in As a result, work was in progress long before the companies, who would eventually take the shops, had decided upon the final shape they wanted to take. This meant that the design could accommodate their specific requirements. It also meant that Rush and

It also meant that kush and Tompkins started work in November 1984 on a project where the final contract was not signed until September 1985—by which time the company had already carried out work worth more than £20m.

"It would have given a more conventional contractor." more conventional contractor a heart attack," said Mr Hall. "But it meant that we could put together the scheme by Michaelangelo skeiches where other contractors would have demanded detailed drawings efore they could start."

Rush and Tompkins now has a workload worth £75m n year

in its northern region, up from £12m a year five years

contributed no less than 19 contracts, the largest being the coo-

struction of roads and sewers at the Warndon Industrial Estate for Worcester City Council

(£395,000) two factory units in Telford totalling £364,000 and in

Nuneaton two separate contracts for Christian Salvesen at

t397,000.

The Chorley Group has received orders amounting to £1.75m including £600,000 of

pineline testing and commissioning for Shell South Eastern in

the Indefatigueable Field, \$500,000 for pipeline drying contracts for Hyundal Ell project, off-shore East Midlands, and \$250,000 for 16 individual 18 instantial inst

Committed to Construction

Shand Ltd. Shand House Matlock Derbyshire DE4 3AF Tel: (0629) 734441

Yorkshire road works

ALFRED McALPINE has been awarded a contract worth F14.25m by the Department of Transport for roadworks in Stocksbridge, South Yorkshire. Stocksbridge, South Yorkshire.
The contract involves the construction of 11.4km of single carriageway, 7.2km of side and slip roads, and 11 bridges (including one over the M1 and one over the River Doo), to form a link from the A616 to the west of Stocksbridge through to the M1. It will entail the expravation of approximately one excavation of approximately one million cu metres of material, at least half of which is rock, and the treatment of old coal mice shafts and workings. The twoyear contract commenced oo April 14

Joint venture wins orders

Chorley Engineering's joint venture arrangement with Rosen Engineering of West Germany has procured four contracts for electronic gauging of pipe lines worth £200,000. They are for Shell North Sea, Total Oil Marine North Sea, Neste Oy, the Finnish Gas Authority and the multi project mid line Fawley & Figure 1979. to Kiogsbury Project for Pencol Consulting Engineers. Chorley Rentair has won on-going con-tracts totalling £250,000 with tracts totalling £250,000 with Rolls Royce, British Steel, NEC and a number of off-shore com-



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This advertisement complies with the requirements of the Council of The Stock Exchange.



Province of Manitoba

(CANADA)

U.S. \$150,000,000

7½% Debentures due May 20, 1996 Series AX

The following have agreed to subscribe or procure subscribers for the Debentures:

Wood Gundy Inc.

Union Bank of Switzerland (Securities) Limited

CIBC Limited

IBJ International Limited

Merrill Lynch International & Co.

Orion Royal Bank Limited

Richardson Greenshields of Canada (U.K.) Limited Swiss Bank Corporation International Limited

Salomon Brothers International Limited

Westdeutsche Landesbank Girozentrale Application has been made to the Council of The Stock Exchange for the Debentures, issued at 10014 per cent., to be

admitted to the Official List, subject only to the issue of the temporary global debenture. Interest on the Debentures will be payable annually in arrear on May 20, beginning May 20, 1987. Particulars of the Debentures, in the form of an Extel card, are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including April 30, 1986 from the Company Announcements Office of The Stock Exchange and up to and including May 12, 1986 from:—

R. Nivison & Co. 25 Austin Friars London EC2N 2JB

Wood Gundy Inc. 30 Finsbury Square London EC2A 1SB

Orion Royal Bank Limited 1 London Wall Londoo EC2Y 5JX

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The Regional Municipality of **Ottawa-Carleton** (CANADA)

Canadian \$40,000.000 9%% Debentures due May 15, 1998 Issue Price 100 1/8%

Canadian \$15,000,000 95/8% Debentures due May 15, 2006 Issue Price 1001/2%

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R. Nivison & Co. 25 Austin Friars London EC2N 2JB Wood Gundy Inc. 30 Finsbury Square London EC2A 1SB

Orion Royal Bank Limited 1 London Wall London EC2Y 5JX

April 28, 1986

COUNTY SECURITIES LIMITED

obtained a contract for a leisure off-shore East Midlands centre for Northamptoo Borough Council working for Conder Projects Midlands (£604,654). APW nitrogen for Mobil Construction at Worcester also Statfjord "A" platform:

a Member of The Stock Exchange, is pleased to announce the 100 per cent acquisition of stockbrokers Fielding, Newson-Smith & Co. and stockiobbers County Bisgood Limited.

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WORLD STOCK MARKETS

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CURRENCIES, MONEY and CAPITAL MARKETS

PHILADELPHIA SE E/S OFTIONS £12.500 (cents per £1)

Close High Low Prev June 128-25 127-07 128-10 128-25 127-07 128-10 128-29 128-20 128-2

Close High Low Pm June 103-25 103-30 103-15 103-1 Sept 103-45 — 103-3 Estimated volume 285 (201) Previous day's open lmt. 1,161 (1,152)

Close High Low Pray
June 90.43 90.45 90.30 90.32
Sept 91.08 91.14 91.00 90.38
Dec 91.25 91.29 91.19 91.12
March 91.28 91.30 91.20 91.12
Juns 91.16 91.21 91.10 90.96
Estimated volume 5.374 (3.388)
Praylous day's open int. 18.312 (17.853)

THREE-MONTH STERLING

LONDON

CHICAGO

June 50.20 53.23 53.13 93.24
Sept 93.21 93.22 93.13 93.24
Sept 93.21 93.22 93.13 93.24
Dec 93.09 93.11 93.16
March 92.87 92.90 92.78 92.91
June 82.55 — 92.69
Sept 52.44 — 92.48
Dec 92.25
Estimated volume 7.561 (4.180)
Previous day's open Int. 16,644 (19,137)
US TREASURY 80NOS
8% \$100,000 \$2nds of 100%

Line 29-14 100.05 98-19 98-35 98-39

97-29 67-03 98-11 95-19 94-28 94-08 93-21 93-06

EXCHANGE CROSS RATES

U.9. TREASURY BONDS (CBT) 8% \$100,000 32nds of 100%

82-09

CERT. DEPOSIT (IMM) Stre points of 100%

FOREIGN EXCHANGES Dollar pauses for breath

BY COLIN MILLHAM

Profit taking and covering of short positions led to a slightly more stable dollar at the end of last week. A technical correc-tion was inevitable after a fall from Y180 on April 8 to a record trading low of less than Y167 in Tokyo last Thursday. The partial recevery to Y168.15 at the Friday close in London may prove to be only a pause for beauty because only a pause for breath, however, before the US currency begins another period of weakness. The dollar had been falling

The dollar had been falling against the yen, and to a lesser extent against other major currencies, since the New York meeting of the Group of Five in September, but was still above Y200 for most of January, and holding fairly steady. The fall towards Y190 began on Jeouery 24, when Mr Noboru Takeshita, Japanese Finance Minister, said that a rate of Y190 would be acceptable.

acceptable.

There was very little stability st Y190 however, with the dollar falting quickly through this level, and down to Y180 by the end of February. March saw a period of consolidation. The dollar held steady around Y150 until the middle of the month, when it fell to Y175, on fears that falting oil prices would cause problems for the US banking system, because of exposure to large debt risk of exposure to large debt risk with oil exporters such as

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£ IN NEW YORK

April 25	Close	Prev. close
f month	81,5585-1,5549	0.49-0.47pm
3 months	0,48-0,47pm	1.27-1.25pm
12 months	1,30-1,24pm	5.68-3.60pm
Forward on	5,55-3,55pm	scounts apply

Y180 before the end of March, followed the first flare-up between the US and Libya, and the announcement that Mr Preston Martin was to resign as vice chairman of the Federal Reserve Board. This was thought to strengthen the hand of Mr Paul Volcker, the Fed's chairman, who has consistently warned of the inflationary dangers from a downward spiralling dollar.

During April various attemnts

ward spiralling dollar.

During April various attempts have been made by Japanese ministers to stabilise the dollar, but without much success. Apart from trying to talk the dollar up, the Baok of Japan has intervened from time to time to support the US currency. But without concerned action, involving the Federal Reserve and West German Bundesbank, the market was prepared to call the Japanese bare bare. was prepared to call the Japa-ness central bank's bluff. Japan appears to bave a

CURRENCYMOVEMENTS OTHER CURRENCIES

Agril, 25	Bank of England Index	Morgan* Guaranty Change \$	Agril 25	£	
Stering. U.S. dollar. Canadien dollar. Austrian cchilling. Belgian franc. Canieh Kronc Deutsche mark. Swise franc. Guider French tranc	114,1 79,1 127.0 90,0 90,6 136,1 159,1 125,5	: —15.1 -5.8 : —12.4 +7.3 -7.2 -1.3 +14.9 +15.6 +9.1 : —13.3 -17.9 -49.0	Aus alla 2. 9 razil 2. Finland 7. Greece 21 H kong 11 Iran Kuwalt 0. Lux burg 6. Malayala 3. N' Z'land 2.	0895 2.0920 31.05 21.15 0000 7.0900 11.35 216.65 ,8535 11.9756 119.50 4390 0.4590 59.45 69.95 9895 5.9485 0295 8.0510	0.9300-0.8310 11.5685-1.3700 11.577-15.84 49.790-4.9900 13.7.761-140.40 7.7695-7.7675 79.40° [0.98719-0.28798 44.5044.60 8.6800-9.9950 1.7830-1.7275
Morgen Guaranty 1980-1982 = 100, 9er (6ase everage 1975 * Norgen Guarant	nk of Eng s⇒100).	lend Index	S Af. (Cm) 3. 9. Af. (Fn) 4.	1175-3.1500 9255-5.0990	2.1976-2.1925 2.0410-9.0490 5.2860-5.5335 5.5716-3.5749

April 24.

April 25	Dcy's	Close	One month	% 0.8.	Three	p.a
US	1.5245-1.5385	1.5375-1,5385	0.49-0.48c pm	3.71	1.27-1.22pm	3.24
Caneda	2.1179-2.1341	2,1280-2,1310	0.29-0.17c pm		0.54-0,38pm	
Nethind.	3.761.3 824	5.781,-3.791,	13-13c pm		43-412PM	4.9
9elgrum	68 19-69.20	68.45-68.55	15-10c pm		42-33pm	2.2
Denmark	12.354-12.534	12.4014-12.4114				
reland	1.1005-1.1185	1.1010-1.1030	0.05-0,15 ₀ dis	-1.09	por-0.20die	-0.3
W. Gar.	3.334-3 39	5.35-3.36	12-13-01 pm		44-45pm	5.5
Portugal	212,46-224,44	217.27-220.58	170-415c dia		440-1170dls	
Spain	213.13-215.07	213.13-213.80	20-65c dis		95-210dis	-2.8
Italy	22944-23304	2304-2305	4-71: Ilra dis		11-20dia	-27
Norway	10.664-10.754				814-91-dis	-3.3
France	10.631-10 821	10.68-10.69	27-21-6 pm		71-61-pm	2.5
Sweden	10,91-10 893	10 934-10.844			14-24dis	-0.8
Jaoan	257 4 261	258-259	1.32-1.23y pm		3 62-3-46pm	
Austria	23.59-23.85	23.59-23 64	121, 10 gre pm			
Switz.	2.781-2 84	2.793-2.803	112-112c pm		317-271-pm	5.0

Ecu	Curre		hange om %	change	
EMS EUROPEAN	CURF	RENCY	UNIT	RATES	3
Dollar D-Mark French Frence Swige Franc Jagenese Yen	1,5380 3,3550 10,6850 2,8025 258,50	1 5333 3.3375 10.6589 2.7879 257.24	1,5256 3,3086 10,2989 2,7614 254,57	1,5163 9,2690 10,5717 2,7246 252,02	1.5015 3.1989 10,5021 2.6587 247.02
	Spet	1-month	3-month	6-month	12-month

	Ecu central ratec	egeinst Ecu April 25	trom central rate	% change adjusted for divergence	Divergence
Belgian Franc	43 0761	43.8545	+0.41	+0.49	±1.5388
Danish Krone	7.91896	7.94072	+0.27	+0.35	-1.6408
German D-mark	2.13834	2.14907	+6.50	+0.58	+1,1202
French Franc	9.96280	9.85204	-1.59	-1.01	±1.37M
Butch Guilder	2.40935	2.42465	+0.64	+0.72	+1.5081
trish Punt	0.712956	0.707410	-0.78	-0.70	±1.6669
Itelian Lira	1496.21	1474.50	-1.45	-1.45	±4.0788
				enge denetes	

Strike Cells—Last Puts—
price Jume Sept Dec Mar Jume Sept 116 10.50 11.45 — 0.00 0.43 119 9.52 10.02 — 0.02 1.00 120 5.57 9.31 — 0.07 1.29 122 5.05 7.04 — 0.19 2.02 124 9.30 5.50 — 0.44 2.48 125 2.11 4.43 — 1.25 3.40 128 1.14 3.44 — 2.23 4.42 130 0.39 2.56 — 3.53 4.52 Estimated volums total, Calls 238, Puts 177 Pravious day's open int. Calls 9,420, Puts 3,397 IEEE 4/8 0.0310.88 stronger hand in shoring up the dollar through reversing, or at least halting, the downward LIFFE E/8 OFTIONS £25.000 (cents per £1) trend in US interest rates. Fall-ing yields on US Government paper bas led to suggestions of 9trike Cells—Lest Puts—I price May June July Sept May June July Sept May June July Sept 1.20 — 33.16 — — — 0.00 1.25 — 23.19 — 23.18 — — 0.00 0.01 1.30 23.18 23.19 — 23.19 0.00 0.01 1.36 18.19 18.10 18.16 19.19 0.00 0.05 (1.40 13.18 13.18 13.19 13.10 0.03 0.27 (1.46 8.18 0.38 8.80 2.40 0.24 0.33 1.15 0.49 4.87 6.58 6.45 1.22 2.42 3 Estimated volume total, Calls 69, Puts 157 Previous day's open int. Calls 5.715, Puts 5.476 paper bas led to suggestions of Japanese disinvestment in the Treasury bond market. Rumours of a Sibn sale by a Japanese insurance company, led to 8 1.26 sharp full in US bond prices, amid suggestions that low yields could produce problems for the of a 81bn sale by a Japanese insurance company, 19d to 8 sharp fell in US bond prices, amid suggestions that low yields could produce problems for the Federal authorities, in funding the budget deficit.

This is obviously a seositive subject, and Japanese investment in US Government paper is at a bigh ecough level where it would not be in the interest of the US or Japan to see the bond market collapse, through a suddeo lack of confidence. Nevertheless the downward drift in the value of the dollar seems set to continue, after a brief pause.

brief pause.

Economic fundamentals bave not changed. US economic growth is sluggish, as illustrated by last week's announcement that March durable goods orders fell 2.5 per cent. US March trade figures are due for release on Wednesday, and the market will be looking for signs that the weaker dollar is beginning to cut the very large trade deficit, particularly with Japan.

CURRENCY RATES

April. 85	Sank rate 2		European Currency Unit
Sterling	_	0,765381	0,658429
U9 8	61	1.17408	0.975519
Canadian s.		1.58991	1.35524
Austria Sch		19.0652	15,1205
Belgian Fr.		02,4608	45.8545
Danish Kr		9.50419	7,94079
D'mark		2.07124	2.14907
Guilder		9,90644	9,42465
French Fr		8,91159	5.85204
Lira		1705.40	1474.50
Yen		197,197	166,692
Norway Kr.		6,17964	9.92379
9pan'h Pts.		103.705	157.050
Swedish Kr		8.28490	6.91166
Swiss Fr		2.14915	1,79759
Greek Drch	2012	N/A	155,051
trieh Punt		0.849944	0.707410
* SOR	retes c	re for Age	il 24.

Close High Low Pro 182.70 164.00 162.10 162.6 154.80 164.80 164.10 164.8 167.30 — 167.3 atad volume 372 (794) suc day'e open int. 1,804 (1,656) DOLLAR SPOT-FORWARD AGAINST DOLLAR

April 25	Day's	Close	One month	% p.s.	Three months	P.8.
ÚKŤ	1.5245-1.5385	1.5375-1,6385	0.49-0.46c pm	3.71	1,27-1,27pm	3.2
Irelandt	1,3705-1,3950	1,3910-1,3920	0.55-0.45c pm	4.27	1,40-1,20cm	3.7
Canede	1.3845-1.3875	1.3845-1.3855	0.26-0.30c die	-2.42	0.87 O 88dis	-2.4
Nethind.	2.4580-2.4980	2,4825-2,4635	0.33-0.30c pm	1.52	0.98-0.95pm	1.52
8clgrum	44.50-45.19	44,50-44.60	5-7c dis		10-14dia	-1.0
Denmark	0.051-8.1614	0.061 - 8.07	_	_	_	-
W. Ger.	2,1765-2,2140	2,1805-2,1815	0.47-0.42pt pm	2.42	1.30-1.25pm	2.3
Portugal	146-1474	146-1461	160-310c dis		410-870dia	-17.2
Soain	138.85-140.72	138.85-139.00	55-75c dic		180-210dis	-6.5
Italy	1487-1519	1498-1499	6 al lire dis		23-24'-dic	-5.3
Norway	9.964-6.994	6,381,-6,99	34-40re dis		113-113-dic	-0.5
France	5.94 - 7.064	9.941-6.95	0.40-0.50c dis		1.15-1.45du	
Sweden	7.04-7.10	7.044-7.054	27-33-ors dis		7-71-die	-4.0
Japan	167,95-170.30	168,10-168,20	0.32-0,29y pm		0.93-0.89nm	
Austric	15,30 - 16,55		33-23-gre pm		By Spm	1.5
Switz.	1.8200-1.8525	1.8210-1.8220	0.40-0.35c pm		1.25-1.20pm	
+ UK	and Ireland	are quoted in	US currency.	Forward	premiums a	nđ

EURO-CURRENCY INTEREST RATES

April. 95	term	notice	Month	Months	Months	Year
Slerling U.5. Dollar Can Dollar D Guilder Sw. Frenc Deutschmrk Fr. Franc	8.91c 564-034 56-78 478-5 754-776	114-114 64:-74- 85:-914 64:-52- 117:-1918 0-518 76:-734	1034-1078 676-7 812-9-4 034-018 412-466 458-454 758-734	104-104 613-614 813-84 813-64 413-45 413-45 713-76	97g-10 014-512 814-914 014-544 414-414 714-714	91-956 61-512 97-912 61-046 4413 44-412 71-756
B.Fr.(Fin) B.Fr.(Con) Yen D. Krone Aslan 8 (Sng)	10-20 91 ₁ -10 91 ₈ -10 5-3-5-3 8-91 ₂ 7-71 ₈	1614-1718 214-918 214-934 015-513 8-814 6-12-7-5	15-141s 84-856 81-29 434-47s 758 61s 612-7/4	774-81c 774-83c 774-83c 417-417 7-71c 876-7	7%-7% 7½-8 7½-8 4½-4¼ 7¼-7% 6%-7	710-746 715-756 411-454 714-754 5:1-7:16

Long-term Eurodollars: two years 72-74 per cent; three years 72-74 per cent; four years 73-74 per cent; five years 93-8-3, per cent; five years 93-8-3, per cent nominal, Short-term rates are cell for US dellars and Japanese yen; others two days' notice.

MONEY MARKETS

Bank gets its message through

The Bank of England set back hopes of another cut in clearing bank base rates, by its action in the London money market last week. On Monday the authorities acted quickly to make sure the market did not think that the previous Friday's cut of 1 per cent to 101 per cent in base rates was merely a prelude to another reduction.

A feature of the market was a large daily shortage of credit, giving the central bank plenty of opportunity 10 make its feelings knewn. On Mooday the Back of England declined to provide the usual late assistance, and land again offered funds for instead offered to lend money seven days, but increased the to the discount houses, at a interest rate to 112 per cent, published rate, in order 10 balance the market's books.

UK clearing banks base lending rate 11 per cent since April 8

Funds were lent for seven days at 11½ per ceot. This was not a particularly penal rate, but was clearly intended as a signal for caurion, as far as lower interest rates were concerned.

The signal was reinforced on The signal was reinforced on Tuesday, when the discount houses were again invited to borrow money. The Bank of England again offered funds for seven days, but increased the interest water till new cent.

WEEKLY CHANGE IN WORLD INTEREST RATES

LONDON	Agril 25	change	NEW YORK	April 26	change
asse rates	101-	Unch'd	Prime rates	310	
	117				 -
7 day interbank	10%		Federal funde	6in	+10
3mth interbank	9.8470	j+ 19	5 Mth. Tressury Bills '	5.9B	+0.45
Treasury Bill Tender		+ 0,2468	6 Mth. Treasury Bille		+0.65
Band 1 3ille .	10%		δ Mih. C II	5.57	·+ 0.18
Band 2 9ills	10.	Unch' d			
Band 5 Bille	1012	Unch'd	FRANKFURT		
Sand 4 Bills	10.5	: —	Lombard	5.5	Une h'd
S Mth. Treasury Bille.	10,	+	One mth. Interbank	4.075	+0.15
I Mth. Bank 9ills	103a	-18	Three menth	4.485	Unch'd
3 Mth. Bank Bille	10.2	+ 18	THE CONTRACT	7,740	- Circii u
S MEII. DELIA DAIC	10		PARI5		
-auva			Intervention Rate	74	Uneh'd
TOKYO	4.55125	. —	One mth. Interbank		
One month Bille	4.05625			7.4	
Three month Bills	.,		Three month	7%	
BRUSSELS		•	MILAN		ł
	Ala	.Unch'd	One month	15+2	— 7g
Ona menth	<u>ց</u> եր 8	+ 13			
Three month	•	7.00	Three menth	16%	Unoh'd
AMSTERDAM		i	DUBLIN		1
	5&	+ 14	One month	12	+ 14
One month	61		Three month	1114	+ 56
Three month	A.4	· + • •	(mee menth		⊤ •• 0

MONEY RATES

Frankfurt		Oy'r-nig't				 !
Paris	Paris	78·119 656·534 4.40685 1438·1434	459-418 639-519 4-53125 1314-1418	-	414 414 014 94 4.65695 1318 1354	

made it clear that the houses could either sell their bills, or pay a price for the privilege of keeping them, in order to sell at a higher profit when interest rates were cut. The market then sold more of its shorter dated paper, as it was clear there would be no immediate cut in

Treasury Bills & Bonds

NEW YORK RATES

BANK OF ENGLAND TREASURY BILL TENDER Bills on offer...... £100m Total of applications...... £407m rate of discount
Average
rate of discount 9.6854% agglications...... £407m £429m Yotal allocated..... £100m £100m 9.5031% Minimum eccepled bid.... £97.545 £97.50m Amount on offer Allocament at a minimum level... 100% 92% 1 21pom

(11.00 a m. April 35) LONDON MONEY RATES

FT LONDON INTERBANK FIXING

Month Menths Months mpany Repos..... ne ree House Depos easury 8:lts (907).... rnk Bils 18uyl..... ne Trade Silts (Buy) Nigr CDs.....

Tressury Bills (sell): one-menth 10½ per cent; thrss-menths 3½ per cent. gank galls (sell): one-menth 10½ per cent; thrss-menths 10.10½ per cent. gank galls (sell): one-menth 10.1½ per cent; thrss-menths 10.10½ per cent. Tressury galls: Averag tender rate of diccount 9.8470 per cent. ECGI Fixed Finance Scheme IV Interested date Merch 5 to April 1 (inclusive): 11.577 per cent. Local authority and Finance Houses seven days' netice, others seven days' fixed. Finance Houses Base Rate 12½ per cent from April 1 1966. Senk Deposit Rate ler saume at seven days' notice 5½-5 per cent. Certificates of Tax Deposits (Scries 5): Deposit £100,000 and over held under one month 10½ per cent one-three menthe 10 per cent; thrse-dix months 9½ per cent; cir-nins monthe 9½ per cent; under £100,000 g², per cent from April 21. Deposits held under Saries S 9½ per cent. Daposits withdrawn for-cent.

MITSUI FINANCE

ASIA LIMITED (Incorporated in the Cayman islands)

US\$150,000,000

Guaranteed Floating-Rate Notes 1997

In accordance with the provisions of the Notes, notice is hereby given that for the three month period, 28th April, 1986 to but excluding 28th July, 1986 the Notes will carry an Interest Rate of 71/16% per annum. Coupon will be US\$178.52 on the Notes of US\$10,000.

Mitsui Finance Trust International Limited Agent Bank



Floating Rate Notes due 1997

Notice is hereby given that the Rate of Interest has been fixed at 77/14% and that the interest payable on the relevant Interest Payment Date, October 28, 1986 against Coupon No. 3 in respect of ECU 10,000 nominal of the Notes will be ECU 378.07.

April 28, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

Granville & Co. Limited

Member of The National Association of Security Deplets · · Telephone: 01-621 1212 8 Lovar Lane, London EC3R 8BP Company
Ace. Srit. Ind. Ord....
Acc. Srit. Ind. CIMS...
Arepung Group
Amrags and Rhodes
Berdon Hill
Bray Technologies
CCL Ordinary
CCL 11ge Conv. Pf.
Carbonadum Ord...
Carbonadum 75gc Pf.
Deborah Services
Frederick Parker Group
George Blair
Ind. Precision Cactings
Jestson Group
Jestson Group
Jestson Group
Jests Barrough

Eighteenth year of continuous growth

1985 PRE-TAX PROFITS £22.0m up 25%

1984 £17.5m 1983 £16.6m 1982 4 4 4 5 5 7 4 6 1981 £13.3m 1980 £12.0m

 Strike
 Calls—Last
 Puts—Puts

 price June
 0 spt
 0 cc
 Mar
 June
 3 spt

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 0.10
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CURRENCY FUTURES

POUND-S (FOREIGN EXCHANC)

LIFFE-STERLING £25,000 8 per £

MMA-STERLING Se per E

3,356 958,5 10,69 8,803 5,789 2305 2,130 68,60 9,161 188,5 6,945 1,822 2,463 1499 1,585 44,66

0.288 0.468 1. 77.05 5.165 0.835 1.129 686.9 0.826 20.49 3,909 5.900 19.98 1000, 41.52 10.64 14.65 6916, 8.288 268,0

0.798 1.575 191.4 5.018 1.518 1.779 1089 9.240 4.998 377.4 15.60 4.091 5.529 3364

1.482 8,140 241.9 10 2.886 5,546 9197, 1.903 64.11 0.649 1.197 99.24 5,613 1, 1.551 629.5 0,760 24.44 0,409 0,869 58.90 2,991 0,740 1, 508.4 0,589 19.09 0.667 1,406 119.2 4,637 1,215 1,644 1000, 0,924 29,79

5pot 1_mth. 3_mth. 6-mth. 12-mth 1.5380 1.5333 1.5256 1.5163 1.6015

Close High Low Prev 1.545 1.5480 1.575 1.5290 1.5340 1.5370 1.5080 1.5185 1.5240 1.5280 1.4990 1.5086

1.5245 1.5275 1.5206 1.5280 1.5140 — 1.9177 1.5060 — 1.5090

LONDON SE E/S OPTIONS E12,500 (cents per E1)

LIFFE—EURODOLLAR OPTION
Sim points of 100%

1979 £11.0m £9.6m

£8.7m

1976

Turnover £240 million Earnings per share 69.7p up 44% Ordinary dividend 21.5p up 19% 66 I believe we will again be able to

increase our profit before tax and that we will further improve the much higher level of earnings per share achieved in 1985.99

Julian Sheffield, Chairman

Copies of the Report and Accounts are available from the Secretary, Laverstoke Mill, Whitchurch, Hants RG28 7NR.



Portals Holdings PL

Laverstoke Mill, Whitchurch, Hants RG28 7NR.